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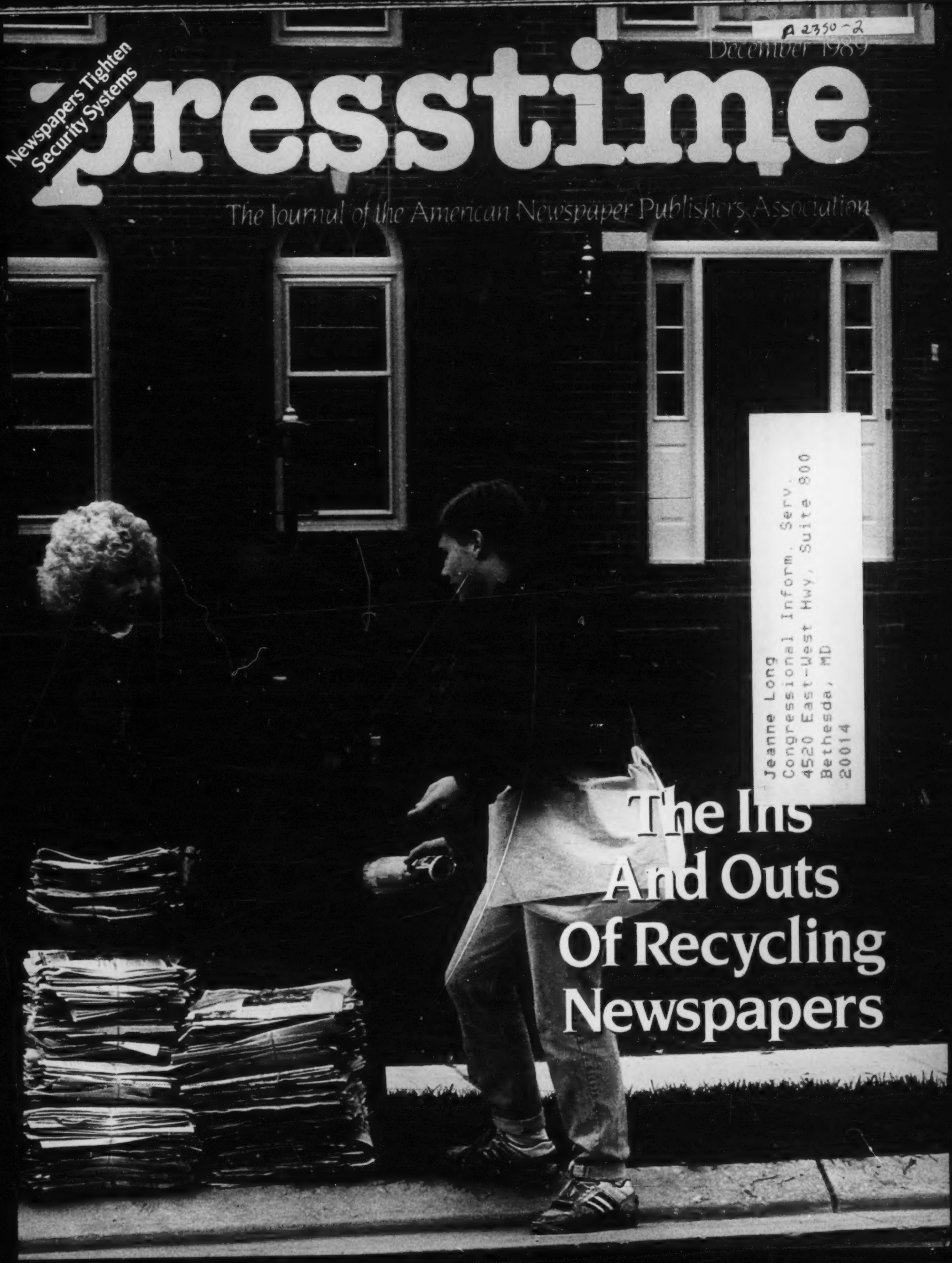
Newspapers Tighten Security Systems



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The Ins And Outs Of Recycling Newspapers

presstime

VOLUME 11, NUMBER 12
DECEMBER 1989

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CHAIRMAN'S CORNER

Our future success hinges on expanding the audience

Our success as an industry has come from our ability to produce an information product that meets the needs of our readers and our advertisers.

We have done that well, despite growing competition from other media, changes in reader interests, changes in the structure of the retail and ad-agency business, increasing costs, and growing illiteracy.

Ted Turner, who predicted our demise a few years ago, had it wrong.

One of the reasons we do well is because newspapers generally have responded effectively to market changes.

In last year's ANPA membership survey by Gallup, you told us the circulation and readership issue was your top priority, and your Board and staff responded by substantially increasing our efforts to help you meet the circulation and readership challenges we all face in our markets.

In January, we established a new circulation and readership department, with existing resources and without increasing staff. This addition has enhanced the work of ANPA's Circulation and Readership Committee.

And at our Chicago Convention in April, ANPA, jointly with the Newspaper Advertising Bureau, appointed a small, blue-ribbon steering group to direct high-priority circulation and readership activities.

William H. Cowles 3rd

Among the steering group's first actions was creation of an assessment team headed by Bill Keating to create a model that every newspaper could use to evaluate its own circulation and readership efforts. Team members are recognized experts in news-editorial research, circulation and promotion [**presstime**, Oct. 1989, p. 50].

The team has just completed visits to three successful newspapers of different circulation sizes: The Free Lance-Star of Fredericksburg, Va., The Gazette of Cedar Rapids, Iowa, and The Press-Enterprise of Riverside, Calif. Team members are now evaluating their findings and drafting a report, which we will have in a few months.

ANPA has also provided support to New Directions for News, a journalism think tank that is experimenting with editorial innovation aimed at attracting and holding readers. And we are assisting similar ASNE work.

I should add that we continue to count on a number of other associations whose circulation and readership work is important to the industry, particularly NAB, International Circulation Managers Association, Newspaper Research Council, Associated Press Managing Editors, International Newspaper Marketing Association, International Newspaper Advertising and Marketing Executives, and the Society of Newspaper Design.

It's pretty clear that newspapers are determined to increase the daily newspaper audience that is the foundation of our future success. It won't be easy, but it can and must be done. And ANPA is determined to help you meet the needs of your readers and advertisers.

Bill Cowles

William H. Cowles 3rd
ANPA Chairman

ANPA

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Kay Chernush

The Newsprint

PART I Newspapers Set Sights on

BY ROSALIND C. TRUITT
presstime technology writer

In 1972 David J. Willmott, publisher of the Suffolk (N.Y.) Life, began purchasing newsprint made from recycled fiber. The amount used by his operation has steadily increased, and today it approaches 100 percent.

"Our days as a throwaway society are ending, and we, as publishers, have to realize that and act on it," Willmott says. Suffolk Life, a free-circulation weekly with distribution of nearly 500,000, uses about 3,500 metric tons of newsprint annually. "If we don't get our act together," he warns, "legislators will do it for us."

A growing number of publishers elsewhere are coming to the same conclusion. They are also realizing that turning today's newspaper into tomorrow's newsprint is a complex matter that defies simplistic solutions.

Several factors figure into the equation, each having an impact on the others. Consider that:

- The collection and recycling of old newspapers is at an all-time high in the United States—and expanding by the day—because of the institution of curbside collection programs.
- Old newspapers are piling up in warehouses, primarily in the northeastern United States. The surplus is depressing the price for old newspapers nationwide.
- Until recently the North American paper mills that use old newspapers to produce new newsprint had contracts for virtually all the recycled newsprint they made. Now newspaper executives say the mills are reporting small surpluses. That is because even though the list price for recycled newsprint is less than the list price for virgin newsprint, the deep discounts off the virgin list price currently being offered to newspaper companies make virgin less expensive.
- Also until recently, it was difficult to justify adding capacity to produce more recycled newsprint. Many newsprint manufacturers will be doing so in the next few years, though, as newspapers respond to public insistence that they go the recycling route. (According to the Environmental Protection Agency, newsprint that contains 40 percent or more of recycled fiber is considered recycled.)
- Many newspapers are involved in the issue in their sometimes conflicting roles as both newsprint users and producers, owing to the fact that several newspaper companies have equity interests in newsprint companies.
- Some newspaper production experts contend that the quality of recycled newsprint is not equal to that made from wood products, but improved technology in recent years has silenced many of those critics.
- Future technology may bring new, smaller recycling mills that can be built closer to the "urban forests" where old newspapers are harvested.

Despite these complications, however, newspapers know that solutions must be found because the tide of public opinion is surging strongly in favor of recycling. More and more people are becoming aware that every two days Americans generate almost 1 billion pounds of garbage and that a third of the nation's 6,500 landfills will be filled and closed by 1995. Old newspapers make up an estimated 8 percent of the solid waste in those dumps, so they have become a lightning rod for public officials and private activists alike. Twenty-seven

Pamela M. Terrell

Workmen sort slicks from newsprint at Southeast Recycling Corp. warehouse in McLean, Va.

Recycling Challenge

Helping To Ease Problems of Waste

percent of landfill content is other wastepaper products.

To some people on the outside looking in, it might appear that the newspaper industry has been rather slow to respond.

"Virtually every major newspaper has published eloquent editorials extolling the virtues of recycling. But for the most part, they have printed them on virgin, unrecycled paper," says William Y. Brown, director/environmental affairs for Waste Management Inc., which calls itself the "world's largest recycler."

However, recycling has moved to the top of newspaper business concerns. ANPA in September adopted a landmark policy statement that encourages increased use and production of recycled newsprint [**presstime**, Oct. 1989, p. 52].

James L. Burke, president of Garden State Paper Co., the first recycler of old newspapers into new newsprint, says there is no doubt that publishers today are more attuned to the solid-waste problem. They "are becoming educated to the fact that recycling newspapers can help alleviate that portion of the solid-waste stream, and it is a very visible portion," Burke notes. "I believe most publishers are looking for ways to accommodate more recycled newsprint."

Gannett Co., which has the largest combined circulation (5.7 million) of any U.S. newspaper group, plans to purchase 100,000 tons of recycled newsprint in 1990, more than double the 40,000 tons bought this year, says Dennis Washburn, director/purchasing for USA Today. Also next year, he says, nearly all Gannett newspapers will use some recycled newsprint.

"We want to buy our fair share, but you have to look at the amount of newsprint available," he says. "If we and the other large newspaper newsprint buyers bought all the recycled newsprint that was available, there wouldn't be anything left for the remaining 95 percent of newspaper purchasers. We don't think that would be fair for everyone else. We have to spread around what is available."

The actions of a few newspaper companies may be persuading some mills to add recycling capacity. Knight-Ridder Inc., for example, sent letters to all of its suppliers with a timetable for producing additional recycled newsprint for the group, reports Homer E. Taylor, vice president/supply. The mills that do not live up to the timetable will be faced with losing some business, he says.

Knight-Ridder bought about 700,000 tons of newsprint for use by its 29 daily newspapers this year. According to Taylor, 11 percent, or about 77,000 tons, was of the recycled variety. He says the company wants to increase that share to 15 percent in 1990 and to 25 percent in 1992.

"The only way recycled newsprint will be there and in good supply when newspapers need it," Taylor adds, is if publishers now encourage mills to increase production. "Recycling is an idea whose time has come."

Garden State Paper Co.

Old newspapers begin transformation into recycled newsprint in the de-inking vat at Garden State Paper Co., Garfield, N.J.

THE PAPER TRAIL. Actually, the notion to recycle old newspapers first popped up about two decades ago, during an earlier period of heightened concern about the environment. Then it drifted out of public consciousness for a number of years.

But as sanitary landfills filled up with the vast amount of solid-waste matter thrown out by Americans—160 million tons of it in 1988—the recycling concept was itself recycled. Government lawmakers and regulators began to insist on separation of newspapers, glass, aluminum and other recyclable materials prior to pickup by the trash truck.

Although the 8.9-million tons of old newspapers trucked to U.S. landfills last year amounted to less than a third of other wastepaper and paperboard products in the dumps, newspapers rank high on just about everybody's target list of recyclable products.

Not only are they highly visible, as Garden State Paper's Burke observes, but also their bulk has grown over the years. In 1977, U.S. daily newspapers averaged 59 pages for morning editions, 50 pages in the evening and 177 pages on Sunday. LNA/Media Records, which compiles industry statistics, says the comparable numbers last year were 100, 84 and 365 pages.

Offsetting all that added bulk, however, has been the marked increase in the amount of recycled old newspapers in recent years. Last year 35 percent of the 12.3 million metric tons of newsprint consumed by all U.S. users was recycled. About half went to make new newsprint and the remainder into such uses as folding boxboard, construction paper, egg cartons and animal bedding.

"We believe that the recycling of old newspapers will continue to grow in the United States and in export markets, and that a recovery rate for old newspapers exceeding 50 percent could be achieved within the next decade," says Red Cavaney, president of the American Paper Institute, an industry group that represents U.S. paper companies.

THE SUPPLY AND DEMAND CURVE. The conversion of today's newspapers into tomorrow's newsprint begins with bound or bagged stacks of newspapers being placed at residential curbs or deposited in special bins. Private or municipal trash haulers then transport the newspapers to paper brokers.

In the brokers' vast warehouses, employees wade knee-deep amid last Sunday's comics and last month's headlines, pulling out magazines, telephone books and plastics that were incorrectly injected into the newsprint-recycling stream. Under technology employed at most existing North American recycling mills, magazines are a no-no because the clay content of their coated paper gums up the de-inking machines. Similarly, phone books are disallowed because they are bound with glue.

Although the mills prefer to receive shipments of old newspapers that exclude slick-paper inserts (and readers are asked to sort them out), paper-industry executives say they can "recycle anything that is delivered with the newspaper" except special advertising promotions like gummed envelopes and phonograph records. The mills monitor the influx to ensure that the ratio of slick paper to newsprint does not exceed acceptable tolerances.

After the sorting is completed, the warehouse employees bale the old newspapers for shipment mainly to North American de-inking mills, although about 1 million tons are exported annually.

According to the API, there are more than 2,000 wastepaper dealers and brokers in the United States. Those companies say business has not been good of late because the new collection programs—many of them mandatory—have, for the time being at least, upset the delicate balance of supply and demand for old newspapers.

Fifth-graders in Albany, Ore., tote newspapers to class for recycling program.

Accustomed over the years to an unsteady but controlled flow of newspapers channeled by the Boy Scouts, local PTAs and other service organizations, the North American recycling mills have suddenly been inundated with old newspapers, especially in the densely populated Northeast.

As recently as last year, the brokers could get $35 to $55 per ton selling old newspapers to mills. Today in the Northeast it is more like $8 per ton for well-sorted newspapers—or nothing for unsorted ones.

At P&P Paper Recycling, a paper brokerage firm in Old Bethpage, N.Y., General Manager Larry Calaraco says the company's 20,000-square-foot warehouse is "pretty full right now. The orders are very slow." He adds that the firm's business is just about at the break-even point. "By the time you pay for transportation, labor and electricity, there's not much left," he reports.

In Rocky Mountain states, business is not quite so bad. But even there it is down 20 to 30 percent from a year ago, according to James G. Johnson, former executive director of Eco-Cycle, a private, not-for-profit organization in Boulder, Colo. "The difference is that paper drives (that rely on voluntary recycling) have a time limit. Curbside programs don't stop and start that way. There are always newspapers coming," Johnson observes.

The export market, too, has slowed in recent months, as more old newspapers show up in the world marketplace. In densely populated Japan, recycling has been a way of life for many years, and about 50 percent of the newspapers published there are returned to recycling mills. Recycling also is beginning to take root in Europe.

Many observers believe a balance between supply and demand will be reached within three years, after some planned new capacity to produce recycled newsprint comes on line. "I believe definitely that the system will be more or less even by 1992. We won't have a surplus of newspapers," says ANPA Vice President/Technical William D. Rinehart. "I would not be surprised if mills did not have difficulty in obtaining old newspapers" by then.

That is one reason Garden State continues to pay private groups $10 to $20 per ton for well-sorted newspapers. "We don't want those avenues to dry up completely," Burke says. "We don't pay them as much as we once did, but the day will come when we don't have this oversupply of old newspapers, and we will need those collection sources."

GROWING CAPACITY. Also needed, of course, will be more mills to take that hoped-for future supply of old papers and turn it into newsprint. Today there are seven U.S. companies and one Canadian company that make recycled newsprint at nine mills. (See chart, facing page.) More are coming.

Atlantic Packaging Products Ltd., which has been recycling a variety of packaging products, is building its first mill that will produce newsprint from recycled fiber. Scheduled to be operating in the fourth quarter of 1990, the mill in Whitby, Ontario, has projected annual capacity of 136,000 metric tons and will use old newspapers exclusively in the furnish.

"We do not anticipate having any trouble selling the newsprint," says George Fellner, vice president of Perry H. Koplik and Sons Inc., which will act as U.S. sales agent for paper produced by Atlantic Packaging. "We have had a great deal of interest expressed."

Newspaper Reincarnations

Newsprint can have a second life as many things besides a newspaper. They include: insulation, egg cartons, cardboard containers, construction paper, animal bedding, garden mulch, padding for shipping packages, roof felting, fireplace logs—and chicken feed.

In 1991, North Pacific Paper Corp. plans to start up a new paper machine in Longview, Wash., with the capacity to make 230,000 metric tons of recycled newsprint per year. In the same year Bowater Inc. plans to add de-inking capacity to its mill in Calhoun, Tenn.

Other mills are considering projects that would add another 686,500 metric tons of recycled-newsprint capacity. For example, Garden State Paper is now scouring the Northeast for a site for a new mill, Burke says. Golden State Newsprint Co. is considering adding a second recycled newsprint machine to its Pomona, Calif., mill.

And despite the current existing small surplus, the mills say they still sell every roll of recycled newsprint they make—it just takes them a little longer. However, "that does not mean we are turning away customers," says Laura A. Rowell, public relations and government affairs manager for Southeast Paper Manufacturing Co., which operates a recycling mill in Dublin, Ga., with an annual capacity of 212,000 metric tons.

James R. Tisdale, vice president sales and marketing for Smurfit Newsprint Corp., says his company has no trouble selling all the newsprint made at its two recycling mills in Oregon. "Keep in mind, too, that many of the newspapers have contractural obligations with virgin-fiber mills that prevent them from buying more recycled paper," he says. "Overall, I believe the recycled market is doing well. None of the recycled mills have taken downtime to reduce stocks as the virgin-fiber mills have."

Tisdale says Smurfit is currently studying the feasibility of building its third recycling mill, this one in the northeastern United States and capable of producing 255,000 metric tons of newsprint annually.

North American Newsprint Recycling Mills

Companies	Mills	1989 capacity[1] (metric tons)	Percentage of old newspapers in recycling furnish	Newspaper company equity
Stone Container Corp.	Snowflake, Ariz.	264,100	60	---
Golden State Newsprint Co.	Pomona, Calif.	122,500	100	---
Southeast Paper Manufacturing Co.	Dublin, Ga.	212,000	95	Cox Enterprises Inc. (⅓), Knight-Ridder Inc. (⅓), Media General Inc. (⅓)
FSC Paper Corp.	Alsip, Ill.	121,500	100	---
Manistique Papers Inc.	Manistique, Mich.	56,000	[2]	---
Garden State Paper Co.	Garfield, N.J.	197,000	100	Media General Inc. (100%)
Smurfit Newsprint Corp.	Newberg, Ore. Oregon City, Ore.	567,000	50	The Times Mirror Co. (20%)
Quebec and Ontario Paper Co. Ltd.	Thorold, Ontario	310,000	55	Tribune Co. (100%)

[1] Preliminary figures

[2] Does not use old newspapers

First proposed in 1987, the project was put aside for about a year because of what the company perceived as lack of interest on the part of prospective customers, he says. Earlier this year the study was revived.

Tom Sullivan, general sales manager for Stone Container Corp., says that company's recycling mill in Arizona has received stepped-up orders from established buyers and inquiries from others. Stone Container sells the newsprint to about 300 newspapers, the majority of which are small operations, Sullivan reports. "I believe the large newspapers are slower to accept change," he comments.

With so much interest coast-to-coast in the recycling of old newspapers, all of the U.S. and Canadian companies that currently make newsprint from virgin fiber are studying the new market to decide if, where and when they should enter it, reports the API. At the same time, they are in the midst of adding 2.1-million tons of virgin-fiber capacity by 1991—decisions made largely in the mid-1980s.

Clearly, the manufacturers did not reckon with the coming landfill squeeze and the attendant demand for recycled newsprint. Now they find themselves stuck playing the role of latecomers to the party.

"I do not believe there was any way to anticipate the increased interest in recycling that we see now," says John Gustavson, manager of public affairs for Abitibi-Price Inc. of Toronto, the world's largest newsprint manufacturer. "The market for old newspapers was largely an export market. The demand (in North America) was not as great."

The surge in interest comes at an inopportune time for many newsprint companies, inasmuch as sales of virgin newsprint are flat and prices are depressed, Gustavson observes. "These are difficult times," he says. "We are looking at adding high-ticket projects at a time when there is not a lot of money in the newsprint industry to accomplish these projects."

Another mill executive put it even more succintly. In an interview with The Wall Street Journal, Charles-Albert Poissant, chairman and chief executive officer of Donohue Inc., said the recycling movement "will shift production to the United States. It puts the Canadian industry in peril."

Leaders in the paper industry say the virgin-fiber mills are looking at the possibility of retooling older mills to accommodate de-inking equipment. Gustavson says that because the engineering and other construction preparations are so far along on the previously announced virgin-fiber projects, it would be imprudent to switch them to recycling operations.

A newsprint mill costs $400 million to build, and a de-inking plant within the facility to handle old newspapers is an additional $50 million to $100 million.

Another way to save money, they say, might be to close mills that are too small or too far away from urban centers where the most readily available supply of old newspapers exist.

Newspaper companies have more than a passing interest in business dealings of both recycled-fiber and virgin-fiber mills. On the recycling side, Cox Enterprises Inc., Knight-Ridder, Media General Inc., The Times Mirror Co. and Tribune Co. have equity interests. All of these companies except Cox also have stakes in virgin-fiber mills.

Other newspaper companies that own all or part of conventional mills are Central Newspapers Inc., The Copley Press Inc., Cowles Publishing Co., Dow Jones & Co., Gannett Co., Kearns-Tribune Corp., McClatchy Newspapers, The New York Times Co., Newhouse Newspapers, Quebecor Inc., Thomson Corp., and The Washington Post Co. [**presstime**, May 1988, p. 41].

RECYCLING TECHNOLOGY. In fact, it was a newspaper publisher, Richard B. Scudder, who made recycled newsprint a reality in the first place. He worked in the 1950s to develop the de-inking process, and it began being used commercially in 1961 when Garden State Paper opened its mill in Garfield, N.J. Although Scudder's formula for de-inking is a closely guarded company secret, other newsprint manufacturers have developed their own workable de-inking systems.

The "wash" process used by most of the mills (see graphic, below) involves placing bales of old newspapers into a pulping unit filled with water that tears apart the newspapers. A secret mixture of chemicals emulsifies the ink and separates it from the newsprint fiber. The newsprint fiber is then sent to the paper machine.

The ink residue is either piped to a municipal treatment plant (e.g., Garden State Paper) or to a treatment facility at the mill itself (Southeast Paper). The treated waste is turned into sludge, which some facilities burn for energy and some send to a landfill.

Burke of Garden State Paper says fiber is often shortened by recycling, and as much as 10 percent is lost each time it goes through the process. Although fiber theoretically can be recycled an infinite number of times, it will always be necessary to introduce previously unrecycled newspapers into the mixture to keep the quality up and to reduce the potential for web breaks, he says.

Refinements that in recent years have enabled companies to allow newspapers' slick inserts to be sent into the de-inking unit alongside waste newsprint are just the beginning, paper-industry specialists say.

Fellner says the new Atlantic Packaging Products mill in Ontario will utilize de-inking technology from West Germany that separates the clay in coated stocks from the ink and the fiber. He says that means even magazines can be added to the mix and successfully processed into newsprint.

DELVING INTO QUALITY. How does recycled newsprint compare with newsprint made entirely from wood pulp?

"There is a tendency to look at anything recycled as being somewhat inferior," ANPA's Rinehart says. "Some critics believe it can't be as good as paper from virgin fiber. But recycled paper can be very good paper."

George Cashau, ANPA director/technical research, goes even further. Says Cashau: "Recycled newsprint is on a par with virgin paper. It has made tremendous progress, technically, in the past five years."

ANPA, which has been testing newsprint for more than 30 years, reports current tests indicate that the quality of recycled newsprint is about the same as virgin-fiber newsprint in terms of printing opacity and tear strength. The key is the quality of the original paper that is recycled, Rinehart explains.

Knight-Ridder's Taylor puts it this way: "If you compared the

How newsprint is recycled

1 Newsprint is brought in on trucks and unloaded onto floor. Bulldozer pushes it into buckets to be weighed. Bucket is raised by crane, and newsprint is dropped into pulper.

2 In pulper, paper is immersed in water and torn apart by rotating steel blades. Chemicals are added to dissolve ink. Water and fiber solution (called "slurry") is now about 1 percent fiber.

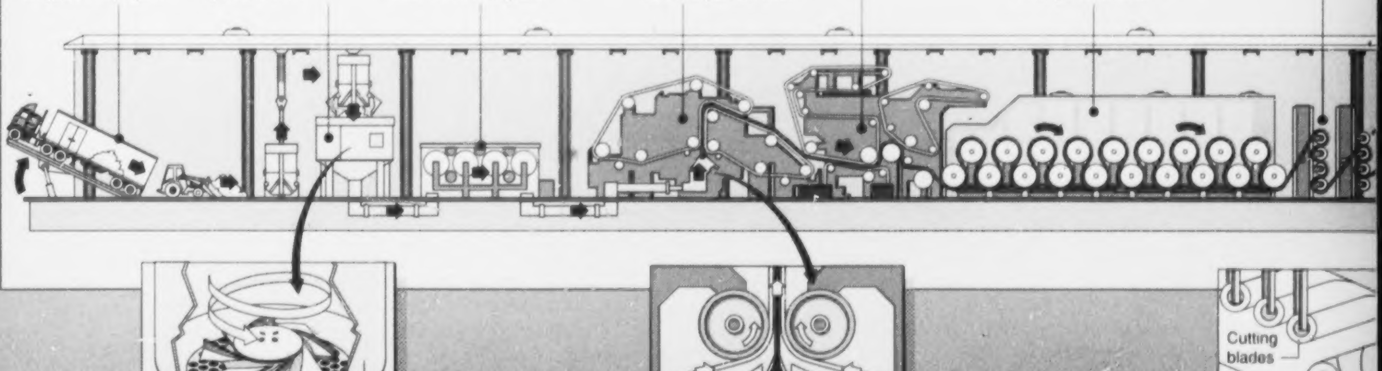
3 Slurry is pumped into continuous pulper, where debris is screened out. Slurry is then moved into reservoir for intermediate and fine screening. It then goes to three-stage washer where ink is suspended in water and drained away to waste treatment plant.

4 Fiber slurry is formed into paper. It is sprayed between two fabric belts, which remove water. Paper moves in a continuous sheet at 45 mph. Paper is still quite wet, about 15 to 18 percent fiber.

5 Paper goes to presser. Steel rollers squeeze the paper, which is held by blanket-like belts, three times. Paper is now 42 percent fiber.

6 Paper crosses unsupported to dryer, where belt carries it around heated dryer cans, each 6 feet in diameter. Dryer temperature is 250° F. Paper is smoothed between steel rollers during the last phase of drying. Paper is 92 percent fiber.

7 Paper is smoothed again outside the dryer. Still moving at 45 mph, it is wound onto large reels.



Chuck Mason/Courtesy of Knight-Ridder News

Engineers oversee the $300-million expansion of Southeast Paper Manufacturing Co.'s recycling plant in Dublin, Ga.

best virgin newsprint to the worst recycled newsprint, yes, there would be a noticeable difference. But with good-to-average sheets of both, there is not much difference."

At Gannett, Washburn says he is purchasing recycled newsprint for the company's local papers, but until it can be certified as meeting standards of uniformity for USA Today, it will not be used there. "USA Today is printed at 33 printing sites, and it is important to us that the newspapers look as much alike as possible," he says. "I think that is one of the biggest problems people have with recycled newsprint, its consistency."

Washburn says recycled newsprint sometimes has a gray, mottled appearance. Yet users have also found that some of it has been too bright to give vivid reproduction of color photographs, he says.

Other occasional problems include a greater tendency than conventional newsprint toward excessive ink penetration, which can lead to dot gain; insufficient ink penetration, which can contribute to ink rub-off; and linting, which can clog printing plates and blankets. "For us," Washburn says, "linting can be a major problem. With USA Today, we don't have time to stop and wash the blankets and plates."

Rowell of Southeast Paper says complaints about linting are being heard less often nowadays. "Five years ago that was a problem, and it pretty much has been eliminated," she says. "In fact, we've had people tell us they like the [recycled] newsprint because it accepts ink well and reproduces color well."

Willmott, the publisher of Suffolk Life, says his pressroom is one place where a linting problem has been alleviated, and "the [ink] laydown is smooth." He adds: "There is a lot of prejudice about recycled newsprint, but we wouldn't use it so much if we didn't like it."

WHAT THE FUTURE HOLDS. Research and development to improve recycled newsprint continues, Burke and others in the papermaking industry say. One improvement may not come from recycling laboratories but from fields of the fibrous plant known as kenaf growing in south Texas.

A kenaf newsprint mill planned for operation by the end of 1991 could provide kenaf pulp for recycled newsprint production or for virgin-fiber newsprint [**presstime**, Nov. 1989, p. 53]. Virgin newsprint made from kenaf pulp has been very bright and yielded good color reproduction. In addition, it does not yellow with age.

According to Donald N. Soldwedel, chairman of Western Newspapers Inc. in Yuma, Ariz., who has been active in kenaf research since 1977, kenaf pulp could greatly enhance the printing properties of both virgin- and recycled-fiber newsprint.

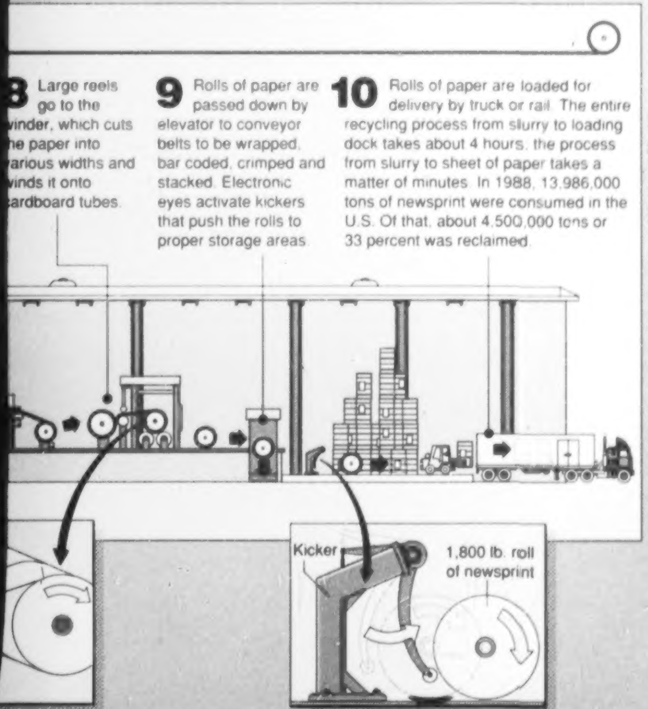
"Overall, it would be good for either. We've long thought that kenaf pulp could be used to make all-kenaf newsprint but that it would have wider applications as well," Soldwedel says.

Rinehart sees still another encouraging sign: the paper-formation research being conducted at a U.S. Department of Agriculture laboratory in Madison, Wis. He says the tests prove that recycled paper can be made from nearly dry recycled pulp. Existing methods require a great deal of water, massive machinery and huge mills to house it [**presstime**, Oct. 1989, p. 53]. Dry pulping would reduce those proportions and simplify paper formation, he says.

Proponents say the so-called "mini-mills" could be built closer to the supplies of old newspapers and at considerable savings from the cost of a full-size newsprint mill.

Paper-industry executives dismiss the possibility that concern about pollution might block the locating of such mills near populated areas. The mills and their effluent are heavily regulated by government today, they note.

Another reason gets to the heart of the matter. As Taylor of Knight-Ridder says, "The idea of recycling is more and more popular with the public, with our readers." □



8 Large reels go to the winder, which cuts he paper into arious widths and winds it onto ardboard tubes.

9 Rolls of paper are passed down by elevator to conveyor belts to be wrapped, bar coded, crimped and stacked. Electronic eyes activate kickers that push the rolls to proper storage areas.

10 Rolls of paper are loaded for delivery by truck or rail. The entire recycling process from slurry to loading dock takes about 4 hours; the process from slurry to sheet of paper takes a matter of minutes. In 1988, 13,986,000 tons of newsprint were consumed in the U.S. Of that, about 4,500,000 tons or 33 percent was reclaimed.

Bill Baker, Knight-Ridder Tribune News/Courtesy of Knight-Ridder News

PART II Governments Join Groundswell To Recycle

BY MARY A. ANDERSON
presstime staff writer

Twenty years ago, environmentalists promoted newspaper recycling programs by noting that recycling a ton of newsprint would save 17 trees.

This year, when Sens. Timothy E. Wirth (D-Colo.) and John Heinz (R-Pa.) introduced a bill to empower the Environmental Protection Agency to impose minimum production levels on mills for recycled newsprint, Wirth said, "Every ton of recycled newspaper saves three cubic yards of landfill space."

The contrast helps explain why newspapers are under increasing pressure to use more recycled newsprint and to lean on paper companies to boost their production of it.

In the minds of policymakers and the public, disposing of newspapers has become far more than a conservation issue. It now hits taxpayers in the pocketbook as localities are fast running out of places—and paying ever-higher fees—to stash their trash.

In reaction, laws are being enacted that could hit newspapers in their pocketbooks also, at least until a settled recycled-newsprint market is established.

So far, three states have passed laws that regulate newsprint purchases. Florida imposed a 10-cents-per-ton tax on use of virgin newsprint, with an equivalent credit for use of recycled newsprint. Connecticut and California enacted laws requiring newspapers to use increasing percentages of recycled newsprint. The action in trend-setting California, the nation's most populous state, is especially worrisome to newspaper publishers; they fear that it could be copied elsewhere.

ANPA staff members who are tracking the situation say similar legislation is pending in nine other states. However, there is no solid assessment, as yet, of how many are likely to pass.

In addition to the three states with newsprint-purchase laws, 10 states (plus the District of Columbia) have enacted mandatory statewide recycling programs—often the first step in governmental efforts to force development of markets for recycled goods. At least 1,000 communities in 35 states now have curbside collection programs, about half of which are mandatory.

Five more states have passed laws to encourage local jurisdictions to implement programs whereby certain items like newsprint are separated from the rest of the trash and then recycled.

Twenty-one states, including some that already have taken some action on the matter, have directed commissions or task forces to study the issue.

Also deeply involved is the federal EPA, which has helped shape many of the local efforts.

Its "Agenda for Action" announced last year urges cities and states to dump waste in a landfill only as a last resort, first relying on waste reduction, recycling and incineration, in that order. The agency set a goal of reducing waste, through recycling or other means, by 25 percent by 1992. Currently, only about 10 percent of all U.S. garbage is recycled, while 12 percent is burned and 78 percent is dumped in landfills.

Despite growing recognition in recent years that waste-management issues were about to surface like debris from an overstuffed landfill, publishers and paper producers alike were caught off guard by the speed with which the recycling programs have been adopted by state and local governments, and by the growing drumbeat that newspapers be printed on recycled newsprint.

"It's coming at a bad time for those in the newsprint production business because they're not interested in spending more capital" when their production capacity for virgin-fiber newsprint already is too high, says Charles T. Brumback, president and chief operating officer of the Tribune Co. of Chicago, which owns both newspapers and newsprint mills.

"Some publishers are confused about what to do. Some like Knight-Ridder are pressuring producers (to make more recycled newsprint), and others don't want to disrupt their producers," Brumback says. "It's a major issue on both sides of the equation."

Last year, according to a Gallup survey of ANPA-member newspapers, top newspaper executives ranked newsprint issues sixth (tied with distribution) among 20 they saw as most affecting the business. This broad category included, of course, newsprint prices—a perpetual concern among publishers because newsprint is typically their biggest budget item after payroll costs.

Now publishers are turning their attention to the recycling aspect of newsprint. Among the things they are wondering is whether recycling puts them at cross-purposes in their quest to gain

Recycling Statistics

Americans produce 400,000 tons of solid waste daily, or about 3.5 pounds per person; the highest discard rate in the world.

- In 1979 there were about 18,500 landfills in the United States. Today there are about 6,500, and one-third of those are expected to close by 1995.
- Old newspapers represent about 8 percent of waste material in landfills; all paper and paperboard products together account for about 35 percent.
- All U.S. users consumed 12.3 million metric tons of newsprint last year, of which 4.3 million tons were recycled—3.3 million were used domestically, and the other 1 million were exported.
- Seven U.S. paper companies and one Canadian company produced 1.7-million metric tons of recycled newsprint at nine mills in 1988. That represents about 14 percent of the 12.3-million metric tons of newsprint supplied by the industry as a whole.
- Three states have enacted laws either mandating recycled newsprint use or taxing papers for use of virgin newsprint.
- More than 1,000 communities in 35 states have curbside recycling programs. About half are mandatory.
- The state with the highest newspaper collection rate is Oregon, where about 70 percent of all newspapers are picked up for recycling.

and retain readers. Will the chore of having to separate and bundle papers, to take them to recycling centers or to pay increased garbage-hauling fees prompt some people to stop buying the paper?

They are also wondering what will happen to all of the old newspapers now being collected in the mandatory and voluntary programs. Supply is outstripping capacity of recycling mills, leading to a glut. Only a year ago, paper brokers would pay $20 to $35 a ton to take old newspapers off the cities' hands. Now some cities find they have to *pay* brokers to store the papers until the market brightens, to bury them in landfills or to burn them in incinerators.

Frank A. Bennack Jr., president and chief executive officer of The Hearst Corp. and chairman of ANPA's Newsprint Resource Task Force, says it's clear that recycling is fundamentally changing the country's waste-management policies and will inevitably change the newspaper industry's newsprint-purchasing practices. He advises publishers to do all they can to help develop the market for recycled newsprint—and to do it quickly.

LEGISLATION OR COOPERATION? Addressing the growing issue, the ANPA Board of Directors in the Association's recycling policy statement urges newspapers to use all available recycled newsprint, to ask for more and to resist mandatory use levels that could lead to government control of the newsprint market.

The Board acted as momentum built among lawmakers to promote recycling through political means: laws that force publishers to use more recycled newsprint or to explain to the state's satisfaction why they can't.

A provision built into the California law, for example, exempts newspapers from the quota on recycled newsprint (defined by EPA as newsprint composed of at least 40 percent of recycled fibers) if they file a certification that they could not buy it at a price or quality comparable to virgin newsprint. That "safety hatch" is perhaps illusory, says Tonda F. Rush, ANPA director/newspaper plans and projects, because "it gives government the authority to say, 'You did a good enough job' (of searching for recycled newsprint) or 'You didn't.' Government authorities could find that the publishers' reasons were not good enough."

Newsday Publisher Robert M. Johnson, who heads a New York task force of newspaper publishers, newsprint manufacturers and state officials to develop a voluntary, statewide recycling program, says legislators are often "well-meaning but ignorant" in thinking that requiring publishers to use recycled paper will make huge quantities of it suddenly appear.

Johnson espouses the "enlightened, cooperative approach" that publishers in New York and several other states have developed

How Some Newspapers Are Showing Leadership in Recycling Efforts

Some newspapers are taking a high-profile role in their communities' commitment to recycling.

The Star Tribune of Minneapolis is addressing the issue on all fronts, despite the fact that current contractual obligations with suppliers of conventional newsprint mean recycled newsprint makes up just 5 percent of its consumption. Minneapolis has a voluntary recycling program that collects an estimated 50 percent of all newspapers circulated there.

Star Tribune owner Cowles Media Co. took members of a regional governmental council on an expenses-paid trip to two newsprint mills to inform them about the papermaking process and the economic issues involved in expanding capacity to make recycled newsprint.

The government representatives gained such an appreciation for the complexities involved that a future trip is now being planned for state legislators. "We have caused a major shift in perception," says Toni Schutta, senior public relations representative for the newspaper.

The Star Tribune also has cultivated an image of civic responsibility by co-sponsoring a public symposium on recycling with the Minnesota Newspaper Association. Additionally, it launched an internal campaign to recycle as many materials as possible and to reduce the company's use of unrecyclable products.

The paper's neighboring competitor, the St. Paul Pioneer Press Dispatch, also has taken action. Chairman and Publisher John T. Henry told readers in a signed editorial last summer that the paper had started using recycled newsprint as 10 percent of its total consumption and planned to increase that to 25 percent in 1992 in conformity with other Knight-Ridder papers.

In addition, the Pioneer Press Dispatch together with the Star Tribune and the MNA are seeking alternative buyers for old newspapers, such as manufacturers of boxes, insulation and animal bedding. The Pioneer Press Dispatch put up $5,000 for the press association to award to the developer of the best new market for the collected papers.

Another newspaper company, Scripps Howard Newspapers, recently announced that 20 percent of all the newsprint used next year by its 19 daily newspapers will be recycled newsprint.

House ads are another popular way for newspapers to tell people they truly care about recycling.

A note in the Chicago Tribune, right below the lottery numbers and subscription rates, tells readers: "This newspaper is printed with ink that resists rub-off. The newsprint produced by the Chicago Tribune's major supplier is made from 50-percent recycled paper."

In environmentally conscious Oregon, where state officials estimate that 70 percent of all newspapers are collected for recycling, the Albany Democrat-Herald teamed up with a local waste hauler to produce a special eight-page tabloid section, "Resolve to Recycle."

The Oregon Newspaper Publishers Association has joined with an environmental group, the United Community Action Network, to develop a public education campaign concerning all recyclable materials. Representatives of the press association see the effort as one way to address UCAN's concerns that newspapers have not shown sufficient leadership in newsprint recycling.

Some newspapers have been able to alleviate a glut of old newspapers in their communities by agreeing to use more recycled newsprint. For example, The Lincoln (Neb.) Star and Lincoln Journal signed an agreement with Stone Container Corp. in Snowflake, Ariz., to buy about 60 tons of recycled newsprint a month—about 10 percent of the papers' consumption. After the rolls of recycled newsprint are shipped by rail to Lincoln, they are unloaded and delivered by truck to the newspaper plant. Then another truck filled with an equivalent volume of old newspapers goes to the rail siding, where its contents are unloaded and shipped back to the recycling mill.

with public officials to avert forced purchases of recycled newsprint. But for such efforts to succeed, publishers say, they must demonstrate commitment to obtaining more of the product.

New York officials have expressed confidence in the ability of newspapers to press for more recycled newsprint and to lure a new mill to the state. "What we've gotten is cooperation," says New York Economic Development Director Vincent Tese. "We assume there's good faith on the part of the newspaper industry to deal with the issue. . . . If we can marry the needs of a major paper supplier and newsprint users, then we have the makings of something very sexy."

In addition to the New York effort, Wisconsin and Pennsylvania publishers recently announced agreements with legislators and state officials that set voluntary guidelines to expand the market for recycled newsprint.

The Wisconsin Newspaper Association, which has lobbied hard to craft a newsprint recycling bill that newspapers can accept, reached agreement on the goals with key legislators. The bill still faces tough opposition from certain environmentalists as it goes before the full Legislature, says WNA manager LeRoy Yorgason. According to the bill, newspapers will seek to use recycled newsprint as 5 percent of their total consumption by 1991, with no definition placed on the percentage of recycled fiber that must be in the sheet. The goal will increase to 20 percent of all newsprint consumption by 2001. Other provisions include exemption from the guidelines if the newsprint is not available at a competitive price and quality, and recognition that newspapers must fulfill all current contracts.

In Pennsylvania, Gov. Robert P. Casey recently announced verbal agreements with several of the state's major newspaper companies that he said would be "crucial" in boosting the market for recycled newsprint there. The Pennsylvania Newspaper Publishers Association played the lead role in reaching the agreements by which four newspaper companies pledged to use recycled newsprint as 50 percent of their total consumption by 1995, if the supply is available and the price competitive. The four are: The Patriot-News in Harrisburg, the Lancaster New Era and Intelligencer Journal, The Morning Call in Allentown, and Calkins Newspapers of Levittown. In addition, dailies in Philadelphia, Pittsburgh and Erie pledged to increase their use of recycled newsprint by an unspecified amount.

Recycled newsprint already makes up 10 percent of the newsprint used in the state, says Sandra C. Hardy, chairwoman of PNPA's Newsprint Resource Task Force and vice president of Calkins Newspapers.

Bennack of The Hearst Corp. says that what is critical to such negotiations is for publishers to "get the sense that just doing a promotional piece in support of recycling newsprint is not only *not* going to help them, but it will tighten the noose around their own necks if they don't actually use more recycled newsprint."

Legislators and environmental activists often are more sophisticated about the newspaper business than publishers are about recycling, he says. Proponents of regulation have already considered, and rejected, alternatives to recycling (such as incineration and alternative uses for old newspapers) by the time publishers enter the debate. "While our people are getting through the learning curve," he notes, "others see us not responding. The industry has to move affirmatively while reinforcing our conviction that any regulation of newsprint is inconsistent with a free press."

GLUT ECONOMICS. In the long term, assuming that plans to expand production of recycled newsprint proceed apace, newspapers may someday be able to purchase ample supplies.

Publishers may even prefer it for its lower price. As far as sheer production costs are concerned, a ton of newsprint with 50-percent recycled content could be almost $70 less than its virgin newsprint counterpart if the price and transportation costs of old newspapers remain under $50 per ton, according to an econometric study ANPA commissioned last summer.

Brumback of the Tribune Co. says he expects some economies will come into play as the product becomes more plentiful. He points out that "making recycled newsprint is cheaper than grinding up logs."

However, there may be some short-term costs to newspapers. An ANPA-sponsored survey of several New Jersey markets with mandatory and voluntary recycling programs found that there is at least some indication that separating newsprint from the rest of the trash could be "inducing a negative reaction on newspaper reading," according to the small population sample interviewed.

"There is no way to determine now if that will result in a permanent loss or even how large the effect will actually be," said the study by Economic Planning & Consulting Inc., headed by former American Paper Institute economist Norma Pace. "As consumers feel more inconvenienced in terms of problems with disposal, time required to sort and/or increased collection costs, some will change their purchase habits," the study said. "Newspapers will be one focus of that change, more likely among younger readers."

Although the survey was anecdotal and did not reach a valid statistical sample of readers, it is one early indication that newspapers should observe the situation closely, ANPA's Rush says.

Other readers have expressed annoyance that the market for old newspapers has collapsed under the weight of the tonnage suddenly being picked up. Several newspaper executives have reported being bombarded with angry phone calls or being subjected to picketing outside their buildings when citizens learn that collected newspapers are not being returned to recycling mills, or that the paper uses a scant amount of recycled newsprint.

Consider three recent letters to the editor:

- An environmentally conscious reader of the Los Angeles Times wrote a letter after the city of Ventura, Calif., announced it would refuse to collect old newspapers when it began a curbside recycling program. The reason: It couldn't find a buyer willing to pay more than $5 a ton. In her letter, the daily subscriber said she would become a Sunday-only reader. "We have always recycled our newspapers to save the trees. Now, for the first time, I can't recycle. At $5 a ton, it is not worth it to the recycler and his receiver. They are refusing to accept newspapers." Ironically, the Times is perhaps the nation's top user of recycled newsprint. Eighty percent of the newsprint it uses contains recycled fiber.
- The Wall Street Journal, on the other hand, is vulnerable to criticism because only 1.4 percent of its newsprint comes from recycled paper, a Philadelphia money manager and environmentalist noted in a letter to the editor. Because she "must read" the Journal, the woman wrote, "Please make me and thousands of other readers more comfortable with our daily purchase . . . and increase your use of recycled paper."
- The Globe and Mail of Toronto, another paper that uses little recycled newsprint, regularly runs an ad telling readers to "Recycle this Newspaper." But one reader wrote that she was "surprised by the ambiguity demonstrated by your stance on recycling. . . . It seems to me that if we as readers can go to the trouble of recycling The Globe and Mail, then you should also make a concerted effort to recycle." ☐

For related stories see Essay, p. 36, and virgin- and recycled-fiber newsprint prices, p. 61.

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January 1990

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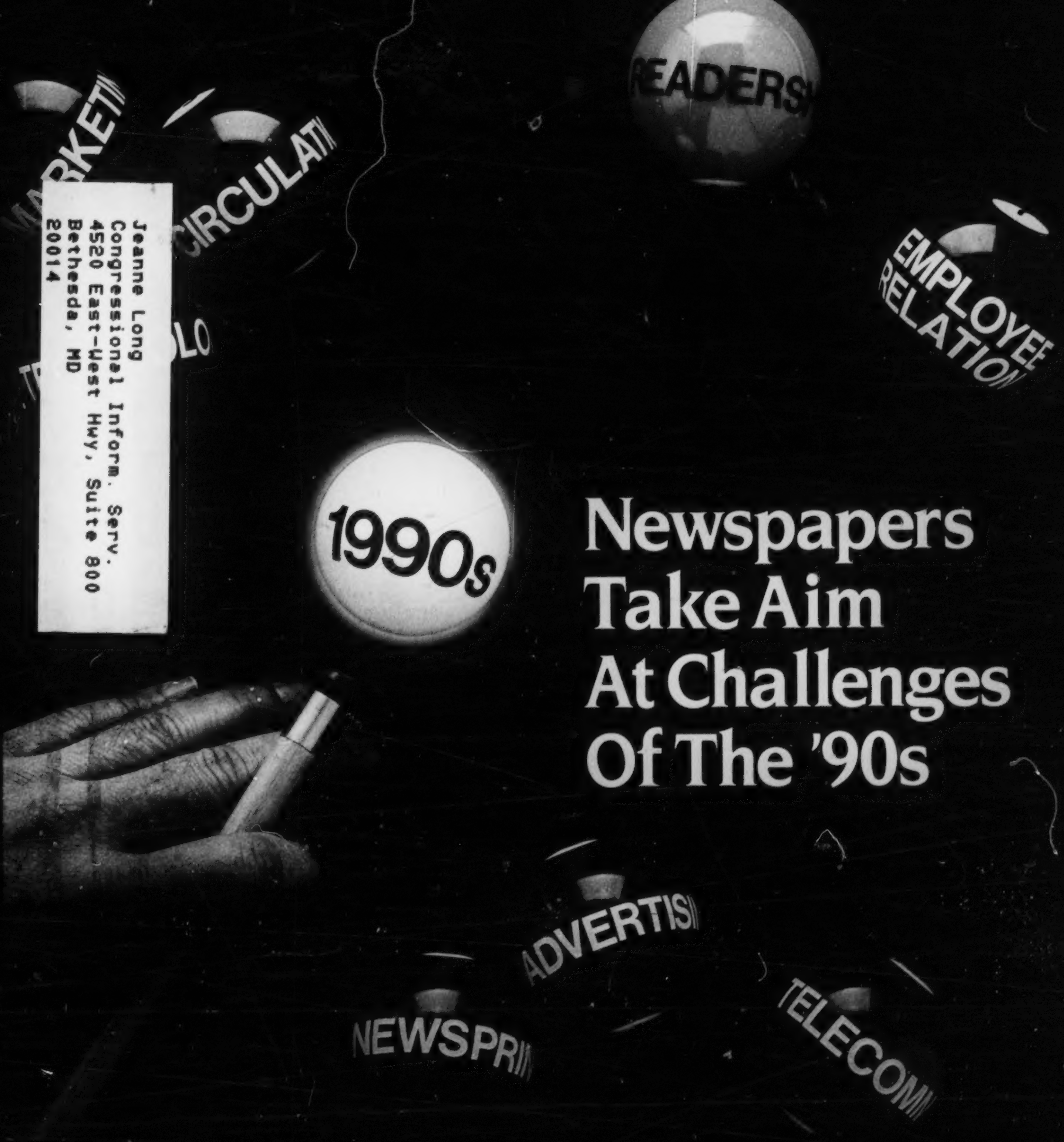
International News Gets Intense Readership

The Journal of the American Newspaper Publishers Association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Newspapers Take Aim At Challenges Of The '90s

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CHAIRMAN'S CORNER

Newspapers' priorities shape 1990 ANPA activity

Many experts share their ideas for the 1990s in this issue. Your ANPA leadership has given much thought to the future and has come to grips with what's to be done in this new year. We have refocused the ANPA agenda to match what we believe is on your agenda.

With your help we have identified top industry priorities and targeted your Association's resources and effort to provide useful help for you in exactly those areas. Let me hit a few of the highlights:

Cost containment is on your mind; ANPA's too. Your staff has developed and your Directors have approved a 1990 program that limits ANPA's spending growth to 3.2 percent. No dues-formula increase will be sought this year. We intend in coming years to relate Association spending rates and trends very closely to those that affect us in our newspaper operations. Yet, even with that strict guideline, we will attack vigorously things you want.

Circulation and readership activities will be further expanded, using nearly $700,000. Our assessment teams are searching out and will report to you the very best new ideas and techniques for distribution systems, editorial enhancements, personnel development, and—most importantly—customer service for our readers and advertisers.

Telecommunications opportunities and public policies will receive top-drawer attention, at about $1.5 million. We continue to battle in the courts and Congress to preserve fair competition and marketplace diversity. We will search out and share with you new business possibilities based on electronic technologies that can buttress our primary, newspaper franchises.

William H. Cowles 3rd

Postal developments in a year of a new rate case will be high on the agenda, at some $500,000 plus heavy staff support. As always, we will weigh in for fair rates for all mail classes, because we use all mail classes. And we will guard against special deals for special mailers, which disadvantage others or place undue burdens on the costs of other classes of mail.

Overall, we will carefully apply some $17.5 million from ANPA, and another $1 million from our Foundation, to the above priorities and to such other key things as: taxes, recycling, independent contractors, health and environmental matters, technical research and training, management and marketing training, compensation and employment data, workplace diversity, education, literacy, safeguarding of the First Amendment, editorial excellence, world press freedom and communications access, **presstime**, ANPA/TEC, and a comprehensive April Convention in Los Angeles.

Our goal is valuable service delivered for dues and fees received. As always, your support is deeply appreciated by your colleagues, and your suggestions to me will be acted upon promptly. Best wishes for this New Year!

Bill Cowles

William H. Cowles 3rd
ANPA Chairman

P.S. Last month I missed including ANCAM when I mentioned several industry groups who are leaders in our circulation and readership work. ANCAM has been extraordinarily effective!

GAPS ARE CLOSING

Meet the New Press Corps

Washington correspondents now are a lot more like journalists elsewhere

BY STEPHEN HESS

Reporters in Washington, D.C., aren't what they used to be.

They used to be different from their counterparts elsewhere in the United States. Now they're practically a mirror image.

This conclusion is drawn from a 1988 survey of 190 reporters who cover the Nation's Capital for a regional audience back home. Results may be compared with a similar survey taken in 1978. Both surveys were conducted by The Brookings Institution.

We had found in 1978 that Washington reporters were an elite.

Washington journalists always have been suspected of an East Coast slant. Our 1978 data showed that although a quarter of the U.S. population lived in the Northeast, more than a third of the Washington reporters came from those states. Correspondingly, the Western states were underrepresented.

Ten years later these gaps had nearly closed, and the percentages of reporters from the Northeast and West were almost the same as the percentages of all Americans who come from these regions. Indeed, among the new arrivals—those in our survey who had been in Washington for a year or less—the percentage from the West (24.6) actually exceeded the region's share of the population.

Similarly, the educational gap has narrowed. In terms of college degrees, Washington reporters have almost reached the saturation point, 98 percent, but the rest of the U.S. journalism population is catching up. Among daily newspaper journalists, college graduates went from 63 percent in 1971 to 74 percent in 1982 to 85 percent in 1988.

In 1978 there was also a gap between what journalists inside and outside of the Washington beltway chose to study. The academic major of choice throughout the United States was journalism. Not in Washington. Sixty-two percent of all Washington reporters and 54 percent of the capital's regional reporters had studied humanities/liberal arts.

But the 1988 survey found that 49 percent of the regional reporters had been journalism majors, a figure that combines 45 percent of those who work for newspapers with 60 percent of the TV reporters.

Stephen Hess

Moreover, six of every 10 current regional reporters who attended graduate school studied journalism. And of the undergraduate journalism majors who went on to graduate school, three-fourths continued their journalism specialty.

Changes in the educational backgrounds of Washington reporters can be seen most graphically by comparing the youngest and oldest cohorts—those in their 20s and those over 50.

	Years of Age	
Undergraduate fields of study	**20-29**	**50 and over**
Humanities/liberal arts	41.9%	58.3%
Journalism	48.4%	33.3%
Science/technology	9.7%	8.3%

These figures would lean even more toward journalism education had not so many of the younger Washington reporters attended highly selective colleges that do not have journalism departments. Fewer than 9 percent of those who went to the most prestigious universities were journalism majors, whereas over half of those from the least selective schools majored in journalism.

Yet there is a semi-surprise in the increased number of journalism majors in the Washington press corps. In our earlier examination, news organizations broadly hinted that they might go outside the ranks of J-school graduates, or even of journalism itself, to staff their Washington bureaus. The need was for specialists: reporters whose training was not in interviewing sources and writing stories (those skills could be learned on the job, some editors said), but trained to analyze Supreme Court decisions or health-care policy or the national debt.

The problem with this design is that it is expensive—not necessarily because these reporters cost more (although they may), but because they are not fungible. That is, they are not transferable to other assignments when the demand of events calls for reallocating resources.

Apparently somewhere between our two studies the desire for specialization slowed down, perhaps even stopped. The increase in reporters who had majored in journalism may be one result of this development. The journalism major, so out of fashion in 1978, would become today's ultimate generalist.

So in the course of a decade, Washington reporters went from a background weighted in terms of humanities/liberal arts to one of vocationally oriented training, paralleling the rest of the nation's journalists.

In part, this may be a reflection of more professional education for Americans in all fields. It may also reflect the special drive of women and minorities to get into journalism. And, of course, as journalism becomes more technologically complex, there is more to be taught.

A humanities/liberal-arts background was in keeping with journalism as an occupation that was easy to get into and out of. The earlier study traced the drift of Washington reporters leaving journalism, an informal personnel system that wasted talented workers. Some interviewees contended that this was simply a characteristic of a low-paying business.

Reporters are better paid now. And the trend toward journalism education also raises the question of whether journalists are likely to remain longer in a profession than they did in a craft. □

Hess is senior fellow at The Brookings Institution in Washington, D.C. This article is adapted from testimony he gave Sept. 20 before the Bipartisan Task Force on Ethics of the U.S. House of Representatives. Brookings plans to publish this material next year as part of a study to be called "The Main Street Capital: Local and Regional News from Washington."

MINORITY AFFAIRS

Changing Times

Three-quarters of U.S. population growth in the decade will be minorities, so newspapers need to respond in appropriate fashion

BY WALTERENE J. SWANSTON

The promotion of minority employees into key management jobs will be one of the more crucial and challenging tasks facing the newspaper industry in the new decade. How well that job is done will determine whether newspapers retain the minority employees they have methodically recruited and hired.

During the years following the urban disturbances of the 1960s, many newspapers made an effort to employ more minority people because of a sense of justice: It was the right thing to do, the moral thing to do.

Walterene J. Swanston

But increasingly in the coming years, as newspapers fight for economic survival, minorities will be crucial to the very future of the newspaper business.

The number of newspaper readers in traditionally heavy readership groups is decreasing. Circulation is flat. Advertising performance is mixed. To prosper, newspapers must focus on the most dynamic segments of their local communities. And in the new decade, the most dramatic changes will occur within minority communities.

Studies show that between now and 2000, racial minorities will account for 73 percent of the population growth in the United States. Newspapers that succeed in attracting minority readers, advertisers and employees will be the ones that benefit most from this growth surge. Minority newspaper readership can be expected to increase as educational and income levels increase.

Minorities are also a growing portion of the labor force. According to research reports, 56 percent of all people entering the workforce this decade will be from minority groups.

Swanston is ANPA Foundation manager/minority affairs.

Projection of U.S. minority populations: 1980 to 2010 (in millions)

	1980		1990		2000		2010	
Total population	226.5		252.3		274.4		294.1	
Non-minority	180.6	80%	191.6	76%	197.6	72%	200.2	68%
Minority, total	45.9	20%	60.7	24%	76.8	28%	93.9	32%
Black	26.1	12%	30.5	12%	34.8	13%	39.2	13%
Hispanic	14.6	6%	21.9	9%	30.3	11%	39.5	13%
Asian	3.5	2%	6.5	3%	9.9	4%	13.4	5%
Native Amer./Other	1.7	1%	1.8	1%	1.8	1%	1.8	1%

Source: "Cornerstone for Growth," by Task Force on Minorities in the Newspaper Business

Hiring and retaining minorities at all levels—from newsrooms to executive offices and from pressrooms to circulation departments—are effective ways to improve the image of the newspaper in the community and to establish news and commercial connections.

In addition, minority employees provide a newspaper with a broader range of viewpoints that are more representative of the community at large. This makes for better coverage.

Even newspapers in communities that currently have few minority residents may find that during the 1990s the makeup of their circulation areas is going to change. And for the newspapers in communities that already have sizable minority populations, the changes will be still greater.

> *Newspaper executives must learn to show respect for cultural differences and to value workforce diversity.*

It will take special skills to manage properly the more diverse workforce of the '90s. Newspaper executives must learn to show respect for cultural differences and let minority employees contribute to the organization's betterment in their own special ways. They must also learn to value workforce diversity.

Minority employees are looking for a work environment in which they can make a contribution and have an equal chance to succeed. Unless they are allowed to do so, the alienation and disillusionment many feel will drive them from the newspaper business.

Only 7 percent of newspaper managers are minorities, according to the most recent survey of minorities in the newspaper business, conducted by Belden Associates for ANPA in 1988.

The challenge of the new decade is to find ways to make minorities more comfortable in our industry as well as to provide opportunities for them to succeed and advance.

AB 50-2

Few Foreign Companies Are Buying U.S. Newspapers

February 1990

presstime

The Journal of the American Newspaper Publishers Association

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REAL ESTATE
GATEWAYS
COMPUTER LEASING
PROHIBITED BUSINESSES?
OVERSEAS SYSTEMS
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Publishers Eye Growing 'Baby' Bells

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CHAIRMAN'S CORNER

To edit for the 1990s, we must understand readers

As the last decade of the 20th century begins, men and women running the newsrooms of America can expect a daunting array of challenges in the 1990s:

- Rebuilding readership
- Attracting new subscribers and retaining loyal ones
- Living within tight budgets
- Leading talented and culturally diverse staffs.

What will it take for editors to meet the demands of newsroom leadership in the 1990s? Editors who will emerge as leaders in the newsrooms of tomorrow are those who know the world and understand their home communities. They will know when to celebrate success as well as when to focus on faults. They will create the vision necessary to attract and inspire culturally diverse staffs.

Reporters and photographers, too, will need to get closer to our readers. Timely access to news sources is not enough. Reaching our readers is equally, if not more, important. If we have a reputation for arrogance, it may be deserved. Readership is more likely to be built on service. Newspapers will reach their audiences more successfully if reader expectations are understood and satisfied.

Editors might well perform a regular "reality" check. Let's ask ourselves again and again whether our definition of news fits the expectations of our readers, particularly younger readers.

William H. Cowles 3rd

As we adjust to the future, we contemplate the "tailored" newspaper with its tighter focus, sharper image, easier access, better packaging, neater local concentration, multiple zoning and attention to special interests. But should we not remember, as we customize and focus on special interests, that newspapers across America are the general medium best at providing the glue that holds communities together?

Editing a daily newspaper to fit the 1990s demands the qualities of a Renaissance man or woman, the Little League coach and Socratic inquirer. Tomorrow's editors will continue to shape the soul of their newspapers and do it within departmental budgets. This means seeing the relationship between a good newspaper and the bottom line. It means working with new technology and old-fashioned ethics.

If we do our jobs well, we will have done our part—as Bart Giamatti once exhorted Yale College seniors—to keep America civil, cohesive and free.

Bill Cowles

William H. Cowles 3rd
ANPA Chairman

presstime

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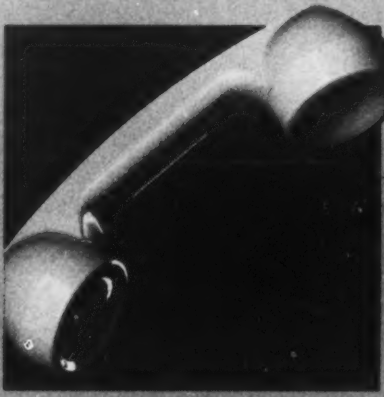

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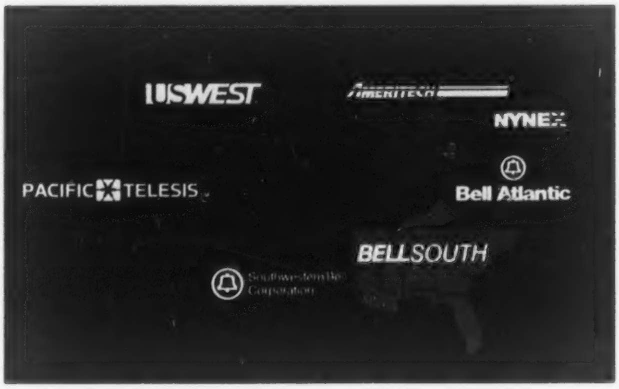
Special Report

'Baby' Bells

Newspapers Fear RBOCs May Become

BY LARRY KAHANER



Listen to the voice of conventional wisdom circa 1984: "Once Ma Bell is broken up, the local phone companies will be in serious trouble. Besides not getting their AT&T subsidy anymore, what can they do with plain old phone service anyway?"

Clearly, hindsight is 20-20. Six years after divestiture, each of the seven regional Bell operating companies, or RBOCs, ranks among the top 10 on Fortune magazines's annual list of utilities, with 1988 revenues ranging from $8.5 billion at Southwestern Bell to $13.6 billion at BellSouth. Total revenues for the companies, which encompass 22 local telephone companies and other businesses, exceed $70 billion annually. By comparison, the 1,640 U.S. daily newspapers in the aggregate have advertising and circulation revenues of approximately $40 billion a year.

The Bell logo is one of the most recognized company symbols in the world, and that's not surprising. The companies reach more than 80 percent of the United States population with phone service. (Independents like GTE and United Telecom serve the rest.)

What many people don't know is that since divestiture, the RBOCs have entered businesses as diverse as financial services, computer software, office equipment, real estate and publishing. Some ventures have succeeded beyond their dreams while others have failed miserably. In all, RBOC revenues from non-telephone business totaled about $7 billion in 1988; that includes cellular mobile telephone sales and service.

Newspapers are especially concerned because the Bell companies have expressed great interest in evolving into information companies. The big question is: If the RBOCs were to enter the information business fully—becoming both a provider and a deliverer—would their great financial and political strength threaten the viability of newspaper publishing?

The RBOCs say they're being denied their First Amendment rights and should be allowed the freedom to publish electronically or otherwise as they see fit. ANPA argues that the First Amendment guarantees a diversity of free expression and that diversity would be subverted by allowing the RBOCs to enter the field as the provider of both the content and conduit of electronic information.

Lobbying has been and continues to be intense on both sides. The Bell regionals employ a small army of lobbyists at the national and state level. Although a dollar amount for their lobbying activities is not available, observers say it is significantly more than is being spent by the newspaper industry in promoting its telecommunications "diversity principle."

And that Bell lobbying kitty may be receiving a $20-million-plus infusion of new chips, according to a recent report. Communications Week, an industry trade publication, reported Jan. 15 that the regional Bells may have earmarked that much in cash and other resources for its effort to get the divestiture restrictions lifted. The publication cites unnamed "Bell sources" as confirming that each of the seven companies had agreed to commit about $3 million for the special "grass roots" effort.

None of the regional telephone companies would comment on the report.

All of the reported new Bell lobbying funds, Communications Week said, would be on top of what the Bells already have been spending in their continuing lobbying campaign.

Part of that campaign involves political action committee, or PAC, contributions to federal politicians. According to Federal Election Commission records, in 1988 alone, the seven regional Bells donated $983,691 to congressional and presidential candidates—ranging from $59,613 from US West to $260,460 from Pacific Telesis. When similar PAC contributions are counted from four of Ameritech's local telephone companies and three of Bell Atlantic's, the total donated by the Bells to federal candidates in 1988 exceeded $1.17 million.

ANPA, which lobbies the issue on behalf of newspapers, has

Kahaner covers the telecommunications industry for several trade publications. He covered the subject for Business Week magazine during the period of AT&T's divestiture. Prior to that, he was a founding editor of Communications Daily *newsletter. He is the author of* On the Line—The Men of MCI Who Took On AT&T, Risked Everything and Won, *and co-author of* The Phone Book—The Most Complete Guide to the Changing World of Telephones.

Grow Into Giants

nformation Providers Over Their Own Lines

no PAC and makes no political contributions of any kind, according to Senior Vice President W. Terry Maguire.

In addition to lobbying the Congress, the Bells also keep up a steady flow of petitions to the U.S. District Court in Washington, D.C., for waivers from their constraints and to the Federal Communications Commission to take over jurisdiction of the matter in the hopes of being allowed into the now-forbidden areas.

For these and other purposes, each of the seven RBOCs maintains separate quarters in Washington. The average number of employees at each office is 21.

The RBOCs certainly have moved light years away from their pre-divestiture, phones-only mentality. "We need to diversify," asserts Gray Collins, Bell Atlantic vice president of external affairs, echoing the sentiments of many officials at the RBOCs. "But we'll always stay within the guidelines of the things we know. Some businesses naturally align themselves with our core business, our network."

It's certain that the Bell companies will continue to push for freedom to enter unregulated businesses now off-limits by judicial decree, the so-called Modified Final Judgment, or MFJ. These include services such as manufacturing, long-distance calls, cable television—and, of course, providing information over the telephone lines they operate. To the RBOCs, the restrictions are unfair and unnecessary. "The MFJ restricts us from some lucrative areas," says Dave Hanneman, associate director for corporate planning at Southwestern Bell. "Why can't we have the freedoms that other companies enjoy?"

To understand the RBOCs' strategy for entering new businesses, especially information services, one must understand how the RBOCs have evolved, who they are, how they're organized, what they've done since divestiture, why they think the way they do.

THE ROOTS. Looking back on the country's pre-1984 phone system, it was all pretty simple. One company, American Telephone & Telegraph, ran everything. It owned the local phone companies that ran the wires to homes and offices, and it operated the long-distance service that interconnected the local phone companies. Although AT&T had a *de facto* monopoly in long distance, the company didn't have what regulators call a "natural monopoly." It was legally possible to have more than one long-distance company competing for business.

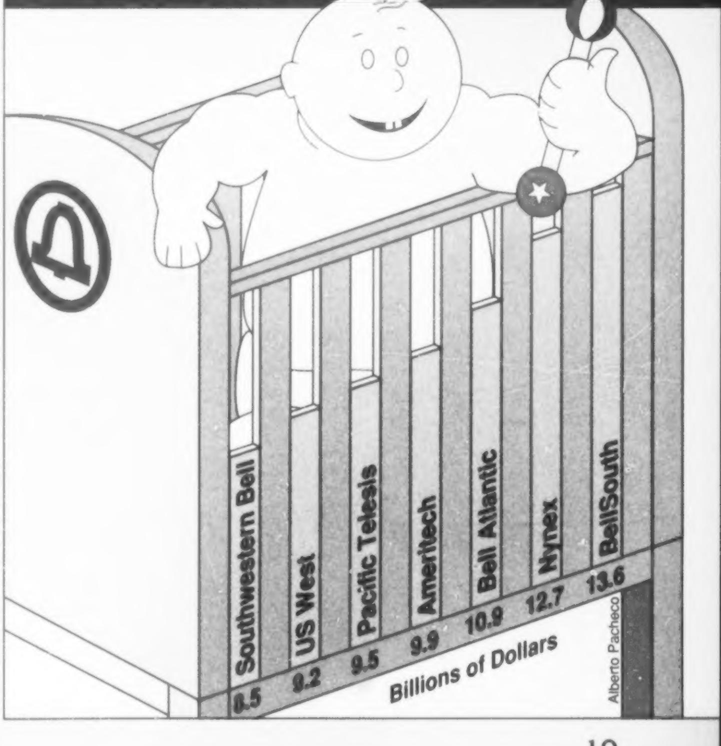
Several companies had tried—Raytheon and Westinghouse, for instance—but they failed because of AT&T's enormous strength and also because, according to the U.S. Justice Department, of its illegal, anti-competitive behavior.

The government had tried to break up AT&T several times—to separate its natural monopoly business (the local phone companies) from its *de facto* monopoly businesses (long-distance service and telephone equipment manufacturing). The hope was to stop alleged price fixing and cross subsidization.

In the early 1950s, trustbusters under President Harry S. Truman came close to breaking up Ma Bell. It was thwarted when AT&T agreed to manage nuclear bomb trigger-maker Sandia Labs, a federal laboratory, in exchange for keeping the telephone giant intact. It wasn't until another suit was filed, in 1974, that AT&T actually found itself in court defending against antitrust charges.

Halfway through the antitrust trial, AT&T gave up. It agreed to do to itself what the government had been trying to do to it for years. Playing the injured party, AT&T divested itself of its local monopoly business, claiming it had no other choice. Clearly it did—it could have continued the trial—but decided instead to rid itself of what it believed was a low-tech, not-very-exciting

RBOC Annual Revenues-1988



Alberto Pacheco

component. The attitude was, "Hey, it's only phones." In fact, within the telecommunications community, people despairingly called it POTS: Plain Old Telephone Service.

So, the "Baby" Bells were born with a stigma. After all, how well could these companies survive, what kind of future could they have if AT&T, the largest company in the world, cast them off?

The Bell companies thought that way, too. Just prior to the breakup, many local executives called in their chits to move over to AT&T; jumping ship was more like it. AT&T was the reason many had joined the local phone companies in the first place: Pay your dues locally and work your way up to the corporate staff.

When the dust settled, few knew what to make of the local companies. People even questioned whether U.S. telephones would work anymore. However, the companies surprised just about everyone. They were being guided by executives who had seen the AT&T breakup as not a time to abandon ship but as a golden opportunity for business growth within the telecommunications industry. While some of the companies' officers still displayed the slow-moving, utility mentality (known in the business as the "bell-shaped head"), most upper-echelon people realized that they enjoyed one of the best run and most secure monopolies in the world, a virtual unending cash flow, and economic and political clout to go with it.

With money in their pockets and a need to show the financial and investor community that they weren't plain old phone companies, the Bell regionals began reaching into other areas, some that fit closely with their core business, like cellular phones and voice mail, and others that fit rather loosely, like real estate and retail computer stores.

There were restrictions, however. Because the antitrust trial didn't end in a usual jury finding, presiding U.S. District Judge Harold H. Greene was obligated to set down rules and regulations for all parties. The Modified Final Judgment has kept the Bell companies out of the total information business. While they may act as conduits for information providers, such as establishing "gateways"—a dial-up entry point for tapping databases—they may not own or produce any of the information transmitted over the lines they own.

Newspaper publishers have stated publicly many times that lifting these restrictions would make it possible for the Bell regionals to use their monopolistic power as Ma Bell did and crush their competitors. The newspaper industry insists that the public is better served by separating the providers of conduit and content. Several newspapers are already using RBOC gateways to provide information electronically to consumers. (See story, p. 26.)

THE OUTLOOK. From the standpoint of the federal government, the battle over information services is currently hottest in two arenas: the U.S. Court of Appeals for the District of Columbia Circuit, and Congress.

In the court, the RBOCs are asking that the restriction on offering information services (as well as on manufacturing) be lifted. They contend that the prohibition violates their First Amendment rights.

ANPA Senior Vice President W. Terry Maguire commented recently, "If we (newspapers) lose in the judicial arena, the contest over phone company control of content is over" [**presstime**, Jan. 1990, p. 48].

On Capitol Hill, legislative activity has increased since last April's introduction of a free-the-RBOCs bill by Reps. Al Swift (D-Wash.) and Tom Tauke (R-Iowa). While the sponsors said they put the bill into the hopper just to get debate rolling, it inspired some other members of the House Commerce Committee's Telecommunications and Finance Subcommittee to begin drafting their own legislation to shift jurisdiction of the AT&T consent decree from Greene's court to the FCC, and to lift parts of the decree's restrictions.

A subcommittee draft bill may be released this month, possibly followed by hearings. However, most Congress watchers do not believe that in this election year members will allow themselves to get bogged down in something as controversial and complex as a major telecommunications measure.

Putting aside, for a moment, the question of how the contest ultimately will be resolved, some communications experts question why the RBOCs are even in it.

In a bracing speech to the U.S. Telephone Association Capital Recovery Seminar last fall, John F. McLaughlin, executive director of Harvard University's Program on Information Resources Policy, told telephone executives that there was not enough business around in the foreseeable future for them to make any money in the "prohibited businesses" of manufacturing, information services and long-distance service.

"I do not believe that Judge Greene envisioned himself as a grand protector of (RBOC) stockholders when he barred the (RBOCs) from these three areas, but the stockholders should bless him every day because he did," McLaughlin said.

Last August, though, Greene permitted the surviving AT&T to enter the information business. The seven-year divestiture agreement ban on its doing so expired then, and Greene no longer deemed the company a threat to publishers because the situation regarding AT&T had changed. ANPA did not oppose AT&T's entry.

How much longer Greene's court will deny the RBOCs that same flexibility is unknown, but clearly both sides will be watching AT&T's actions—and the court's responses, if any—for clues.

The newspaper industry also will be monitoring the RBOCs themselves. Despite their common heritage and common core business, the seven cannot be discussed as a single entity. Each has its own philosophy, strategies, organization and goals, as the following sketches make clear.

Chicago Tri

Newspapers' use of cellular phones adds to RBOC revenues.

The ABCs Of the RBOCs

AMERITECH

This conservative outfit flourishes in the Rust Belt by sticking close to phone businesses.

Chairman and CEO: William L. Weiss
Headquarters: Chicago
1988 revenues: $9.9 billion
1988 net income: $1.2 billion
Organization and components:
I—Ameritech Bell Group

- Illinois Bell, Indiana Bell, Michigan Bell, Ohio Bell, Wisconsin Bell
- Ameritech Applied Technologies; provides information systems to Ameritech companies
- Ameritech Information Systems; provides network products, services to large business users
- Ameritech Services Inc.; provides technical, marketing, regulatory planning, product development for Ameritech companies.

II—Ameritech Enterprise Group

- Ameritech Credit Corp.; arranges financing for companies that lease products through Ameritech companies
- Ameritech Publishing Inc.; directories
- Tigon Corp.; voice mail
- Ameritech Mobile; cellular phones and paging
- Ameritech Audiotex Services—voice response system to deliver information to callers via touch-tone phone.

III—Ameritech Development Corp.—develops and invests in new technology.

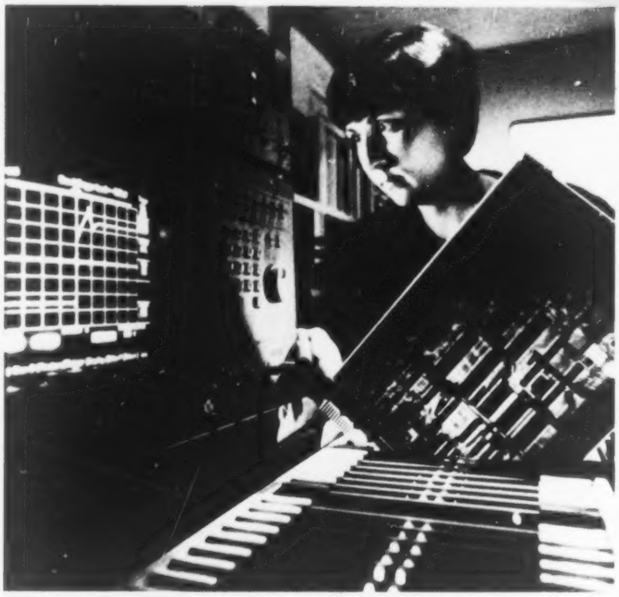
Ameritech is perhaps the most disciplined, some say cautious, of the RBOCs so far as diversification is concerned. Situated in the heart of the Rust Belt, its interests lie very much within the framework of its phone-related businesses such as paging and cellular phones.

Some of Ameritech's conservatism may come from its $217-million purchase of Applied Data Resources in January 1986. The company was supposed to supply Ameritech and its customers with software, but the plan failed and it was sold at a $47-million loss.

However, signs are positive from its acquisition of Tigon Corp., a voice storage and forwarding company with a national presence. The move illustrates Ameritech's focus on voice services instead of text services, again a good fit with its core business. "Voice applications are a viable business now," says Dennis Carr, director, corporate strategy. "Videotex gets all the publicity and attention, but it's not yet a business."

To support a future foray into information services, Ameritech has consolidated some operations across its five separate Bell companies. A significant reorganization occurred when it merged all management information system departments of the local companies into Ameritech Applied Technologies. To handle all the unregulated businesses, it formed the Ameritech Enterprise Group.

Of all the RBOCs, Ameritech appears to be the most eager to form partnerships with information providers. "Our strategy is to establish an attractive environment for all the players," says Carr. Management has stated publicly that information gateways should be open to any and all information providers. "We expect to see a great variety of players," Carr adds.



At Ameritech Services Laboratories, scientists conduct research that can lead to lucrative communications technologies.

CEO Weiss is an outspoken critic of the MFJ and has called many times for the RBOCs to be unleashed.

"We find it amusing," says company strategist Carr, "that people think we can or would roll over on newspapers. We're a network business, not an editorial business. I fully expect the newspaper people to migrate to the electronic form. The information providers of the future are those doing it on paper today."

Bell Atlantic

It's probably the most diversified of all the RBOCs, with real estate and computer interests.

Chairman and CEO: Raymond W. Smith
Headquarters: Philadelphia
1988 revenues: $10.9 billion
1988 net income: $1.3 billion
Organization and components:
I—Network services

- New Jersey Bell Telephone Co., Diamond State Telephone Co., Chesapeake and Potomac Telephone Co. of Washington, D.C., C&P Telephone Co. of Maryland, C&P Telephone Co. of Virginia, C&P Telephone Co. of West Virginia, Bell of Pennsylvania
- Bell Atlantic Network Services Inc.; provides staff, administrative and engineering support for phone companies.

II—Bell Atlantic Enterprises

- Bell Atlantic Capital Corp.; manages real estate investments of Bell Atlantic Properties
- Bell Atlantic Systems Integration Corp.; joint venture with American Management Systems, provides integrative solutions for multiple vendors
- Bell Atlantic Systems Leasing International Inc.; leases computer equipment
- Bell Atlantic TriCon Leasing Corp.; general business leasing
- Bell Atlantic Mobile Phone Systems Inc.; cellular mobile phone service
- Bell Atlantic Paging Inc.; paging services

- Bell Atlantic Customer Services and BACS International Inc.; markets computer systems integration and software overseas
- Computer Maintenance and Materials Group: Camex-CPX Industries Inc., which offers repair services for Control Data equipment; Electronic Services Specialists Ltd., which offers parts and repair services for DEC equipment; Sorbus Inc., a computer maintenance company specializing in IBM products.

III—Bell Atlantic Investment Development Corp.

- Bell Atlantic International Inc.; manages overseas real estate
- Bell Atlantic Business Supplies Corp.; sells business supplies
- Bell Atlantic Directory Graphics; provides photo composition for directories
- Bell Atlantic Education Services Inc.; assists MIS managers to capitalize on information technologies
- Bell Atlanticom Systems Inc.; sells, maintains telephone equipment on customer premises for business and government users
- Chesapeake Directory Sales Co.; partnership with GTE to sell C&P directory advertising
- Technology Concepts Inc.; develops software for databases
- Telecommunications Specialists Inc.; sells and services telecommunications equipment.

IV—Bell Atlantic Investments Inc.

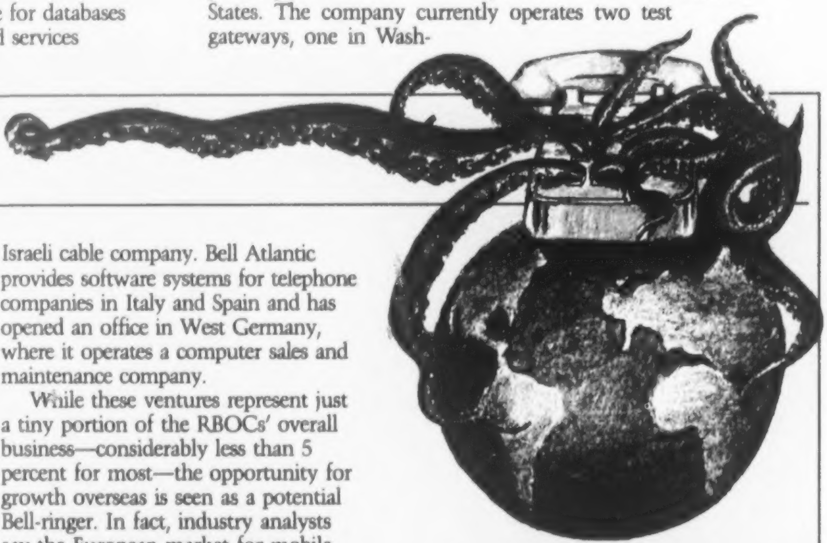
- Bell Atlantic Financial Services Inc.; internal financing
- Bell Atlantic Properties Inc.; invests in real estate for Bell Atlantic companies and others.

Bell Atlantic is probably the most diversified of all the RBOCs, directing much of its energies toward becoming a major player in real estate management, computer leasing and maintenance. Even so, in 1988 it unloaded a 16-store computer chain known as CompuShop. On the plus side, the acquisition of Sorbus Inc. brings to its corporate fold the largest independent computer maintenance company in the country.

Vice President Collins says that although Bell Atlantic appears to be the most diversified, it still limits itself to businesses that naturally align themselves with the core business.

With home offices in Philadelphia, the company's territory includes Washington, D.C., and suburbs—an area with more computers per consumer than anywhere else in the United States. The company currently operates two test gateways, one in Wash-

U.S. Phone Companies Have Global Reach



What the regional Bell operating companies can't do in their own backyards—manufacture equipment, provide information over their lines, and compete in long-distance services and cable television—they're doing or planning to do on foreign soil.

And by all accounts, the terrain is quite fertile.

Consider these recent activities by the RBOCs:

- Last year US West won the right to build Eastern Europe's first cellular phone system and to lay the world's longest fiber-optic cable across the Soviet Union.
- A consortium that includes the Pacific Telesis Group beat out five other RBOCs to capture the contract to provide the first private cellular system in West Germany.
- In January, the British government awarded licenses to both Pacific Telesis and US West to build three wireless telephone systems known as personal communication networks.

The other RBOCs have also ventured overseas. BellSouth, for example, is providing India's public telephone system with computer software and owns a majority stake in Australia's largest private paging and telephone-answering company. Southwestern Bell has installed pay phones in Britain and has interests in an Israeli cable company. Bell Atlantic provides software systems for telephone companies in Italy and Spain and has opened an office in West Germany, where it operates a computer sales and maintenance company.

While these ventures represent just a tiny portion of the RBOCs' overall business—considerably less than 5 percent for most—the opportunity for growth overseas is seen as a potential Bell-ringer. In fact, industry analysts say the European market for mobile communications alone could top $9 billion annually by 1992—the year when the nations of the European Community will take a major step toward economic unification.

Martyn Roetter, a senior consultant who specializes in telecommunications for the Arthur D. Little Inc., affirms that one of the most appealing reasons for the RBOCs to compete overseas is to gain experience in enterprises from which they are barred at home.

This training will stand the RBOCs in good stead, Roetter says, should Congress or the judiciary accede to the RBOCs' wishes and lift the line-of-business restrictions imposed under the Modified Final Judgment.

Overseas ventures are also appealing, he says, because the RBOCs are not limited by the regulated rate of return under which they operate in the United States. "The primary reason you look elsewhere is if you see limits to growth in your existing markets," Roetter notes.

Should U.S. newspaper publishers look upon the Bell companies' overseas ventures as worrisome?

"To the extent this gives the RBOCs additional marketing knowledge and technical capability, these moves should be of concern to newspapers," says Uzal H. Martz, president and publisher of the Pottsville (Pa.) Republican and chairman of the International Task Force of the ANPA Telecommunications Committee.

Martz says "U.S. newspapers ought to be exploring opportunities—and some are—to gain similar knowledge through the offering of services at home and abroad."

—*Christine Reid Veronis*

ington, the other in Philadelphia. The company's belief is that gateways are a subscriber service for which customers sign up and pay a small users' fee.

Like other RBOC executives, Collins expresses concern that the MFJ does more than keep his company out of new business. "Our primary concern is that the restrictions prevent technology from being deployed efficiently," he says.

For instance, the MFJ prohibits the Bell companies from sending information among their various Local Access Transport Areas—local phone areas, usually aligned with Metropolitan Statistical Areas. This has prevented Bell Atlantic from routing gateways in an efficient manner, Collins says, adding, "We can't even use our computer to direct it outside our gateways."

Thomas Bolger, the CEO who brought the telephone companies that now comprise Bell Atlantic through divestiture, retired a year ago. His successor, former Chief Operating Officer Smith, is considered extremely tough-minded.

Ameritech Publishing's graphics center works on advertisements for Yellow Pages directories.

BELLSOUTH

The biggest, most profitable 'baby' is a fiber-optic pioneer and Yellow Pages leader.

Chairman and CEO: John L. Clendenin

Headquarters: Atlanta

1988 revenues: $13.6 billion

1988 net income: $1.7 billion

Organization and components:

I—Telephone subsidiaries

- South Central Telephone Co. (Alabama, Kentucky, Louisiana, Mississippi, Tennessee); Southern Bell Telephone and Telegraph Co. (Florida, Georgia, North Carolina, South Carolina)
- BellSouth Services; provides administrative, information and staff support for phone companies.

II—BellSouth Enterprises Inc.

- Advertising and Publishing: BellSouth Advertising & Publishing, which markets and publishes telephone directory advertising; L.M. Berry and Co., which handles national Yellow Pages advertising sales; BellSouth Information Systems, which provides computer products and services to BellSouth's non-regulated companies and affiliates; Stevens Graphics (partly owned), which publishes telephone directories, catalogs and magazines; TechSOUTH Inc. (partly owned), which provides computer-based publishing services and products
- Communications Systems: BellSouth Communications Systems Inc., which markets customers' on-premises equipment to national accounts outside of the BellSouth area; Dataserv Inc. and Dataserv International, which are engaged in computer leasing and maintenance; BellSouth Government Systems Inc., which markets BellSouth products and services to the federal government
- Marketing and Business Development: BellSouth Ventures Corp., which invests in venture capital funds and individual companies in emerging technologies; BellSouth Advanced Networks Inc., which markets enhanced services provided by Southern Bell and South Central Bell; BellSouth International Inc., which manages BellSouth activities outside the United States
- Mobile Systems: BellSouth Mobility Inc., which constructs and operates mobile phone systems in the southeastern United States; American Cellular Communications Corp., which provides mobile and paging services in non-BellSouth U.S. areas; Mobile Communications Corp. of America, a recently acquired mobile and paging company
- Corporate Affairs: Sunlink Corp, a real estate company, including interior design and facility planning; BellSouth Educational Services, which provides educational products; Telesensor, which provides integrated systems for large buildings, convention centers and hotels
- Finance: BellSouth Financial Services Corp., which provides financing for BellSouth companies under BellSouth Enterprises.

III—BellSouth Capital Funding Corp.—provides financing for other BellSouth companies.

BellSouth, the biggest "Baby" Bell, makes the most profit and harbors the most assets. Its basic network is the most technologically advanced in the country, with nearly 95 percent of its central offices employing electronic switches. Almost 98 percent of BellSouth's major trunk lines are fiber optic, and it was the first to bring that fiber directly into customers' homes.

In addition, geography is on its side: BellSouth takes in the booming Sun Belt states of Florida, Georgia and North Carolina—areas to which many northern companies are relocating.

Of all the RBOCs, BellSouth sticks closest to its core phone business. Its acquisition of Mobile Communications Corp. of America makes it the country's third largest cellular-phone company with customers in the lucrative markets of Miami, Los Angeles, Atlanta and Houston.

It is the largest publisher of Yellow Pages, with revenues exceeding $1 billion. And with its acquisition of directory marketing firm L.M. Berry, BellSouth has become the most powerful directory force in the nation. It purchased Berry, in part, because it was forced by the MFJ agreement to sell its interest in CompuServ's "electronic mall" for shopping.

Among the RBOCs, BellSouth has the largest Washington lobby. (CEO Clendenin is the current chairman of the U.S. Chamber of Commerce.) And in 1988 it aligned with Bell Atlantic and petitioned Judge Greene's court for permission to allow Berry to sell electronic Yellow Pages. Greene denied the request, but his decision is being appealed.

BellSouth was the first RBOC to launch a gateway service: Transtext Universal Gateway, simply an entry point for users with no enhancements. The Atlanta Journal and The Atlanta Constitution, two of the information providers for the gateway, have accused BellSouth of moving too slowly on its introduction, failing to promote it and not providing market statistics. BellSouth has countered by saying it informed information providers of its intent to limit the scope of service until testing and evaluation.

NYNEX

The least technologically advanced RBOC has the highest shareholder return.

Chairman and CEO: William C. Ferguson
Headquarters: White Plains, N.Y.
1988 revenues: $12.7 billion
1988 net income: $1.3 billion
Organization and components:

I—Telephone operating companies—New England Telephone Co., New York Telephone Co.

II—Nynex Business Information Systems Co.—reseller of microcomputers, software and value-added services

III—Nynex Information Resources Co.—publishes directories and provides telemarketing services

IV—Nynex International Co.—markets products and services outside the United States

V—Nynex Materiel Enterprises Co.—provides procurement support services for Nynex companies

VI—Nynex Mobile Communications Co.—provides mobile phone services

VII—Nynex Properties Co.—provides real estate services for Nynex and its subsidiaries

VIII—Nynex Service Co.—provides Nynex telephone companies with marketing, technical planning, regulatory planning and computer support services

IX—Nynex Systems Marketing—sells telecommunications and information systems and provides information solutions

X—Nynex Credit Co.—offers financial services to business customers who purchase products from Nynex

XI—Nynex Information Solutions Group—provides software support to Nynex customers.

Nynex is the least technically advanced of the RBOCs and has been investing the most heavily in modernization—some $11.3 billion since divestiture. Fortunately for it, the company's realm contains the largest number of business phones, 10 million, of all the companies. Its ability to persuade regulators that local phone service should be paid on a time-usage basis (local measured service) instead of a flat monthly fee has allowed it to rack up the second highest profit growth of the RBOCs and the highest rate of return to shareholders.

More than any of the other Bell regionals, Nynex sees much of its future in overseas business. That's mainly due to the slow growth predicted for the Northeast and the fact that New York City generated more overseas telephone traffic than any other city.

In 1985, Nynex established Hello Yellow, a talking Yellow Pages service in Albany, N.Y. While it viewed the service as merely an electronic version of its printed Yellow Pages, the Justice Department shut it down, citing violation of the MFJ. Nynex apparently learned a lot from the test as it does from its research and development projects. Although the MFJ prohibits entry into some areas, it allows research and development in those same fields. Nynex takes advantage of that with cutting-edge work in the area of voice recognition and artificial intelligence.

The company in 1986 joined with Citicorp and RCA to identify business opportunities in videotex. The joint venture reportedly spent several hundred million dollars on research before the partnership ended in 1988.

Nynex now operates two information services, with a third slated for Boston this month. The Burlington, Vt., Info-Look gateway employs about 30 information providers offering nearly 100 services. Launched in December 1988, it offers two on-line tables of contents—one alphabetical, the other by product category. The arrangement is tailored for residential users, who pay 8 cents per minute for the gateway, 5 cents per minute for the local measured telephone service, and 5 to 20 cents for the information service.

The most important features include Vermont business news, real estate listings and a job hunters' guide. The Burlington Free Press provides local news and classifieds prior to print publication [**presstime**, Jan. 1989, p. 47]. USA Today also provides stories.

Nynex launched the other Info-Look gateway in New York City last April; it is almost identical to the one in Burlington. News services include American Wire-N.Y. Edition, which features classified ads, jobs and a consumer entertainment service from Baseline Inc. Newsday offers Newsday Online, piggybacking onto its own electronic bulletin board.

Ellen Powley, director of product development, says Nynex continues to learn about the electronic information business with each gateway it adds. So far, she says, educational information has proved the most popular.

"Our strategy is that our gateways are basic services," Powley says, "and we make our money from network usage." She notes that Nynex will consider information provider partnerships with newspapers. "It depends upon the partner, of course. We've been very pleased working with Newsday."

In December, Nynex signed an agreement to become the first RBOC to provide network and computer service for Prodigy, the videotex venture of Sears, Roebuck and Co. and IBM.

Nynex will build and own computer sites to provide local database storage of the most popular information. According to company officials, local storage is crucial to delivering service as economically as possible.

PACIFIC TELESIS

Poor performer turns around in the strong California-driven market, but it is bypassed by many large phone users.

Chairman and CEO: Sam L. Ginn
Headquarters: San Francisco
1988 revenues: $9.5 billion
1988 net income: $1.2 billion
Organization and components:
I—Bell companies
- Pacific Bell, Nevada Bell, Pacific Bell Directory.

II—PacTel Corp.
- PacTel Cellular
- PacTel Paging

III—PacTel Communications Companies—PacTel Business Systems, which markets phone and microcomputer systems
IV—PacTel Finance—provides lease financing services for PacTel and others
V—Pacific Telesis International—manages and operates overseas communications systems
VI—PacTel Properties—real estate
VII—Meridian Systems—joint venture with Northern Telecom, sells and services PBX and voice/data networks
VIII—Teletrac—joint venture with North American Teletrac; provides radio location networks in the United States.

Pacific Bell was one of the companies that AT&T wanted to jettison. It was the worst performer and had the highest debt load among the Bells. After divestiture, however, intelligent management led by then-CEO Donald Guinn turned the company around, especially in the unregulated businesses that contribute 10 percent of total revenue. New CEO Ginn is considered extremely competitive.

Pacific Telesis, which encompasses California and Nevada (98 percent of its customers are in California), enjoys many fortunes. California has the highest per capita income of any state and is the most populous state, with growth through 1995 expected to be 13 percent—twice the national rate.

California has the highest penetration of computers in households (as opposed to Bell Atlantic's highest computer penetration per phone user), an estimated 2 million. The state also has the nation's highest concentration of mobile phones.

On the negative side, PacTel suffers more than other RBOCs from bypass, a practice employed by large phone users to ignore the local phone company and connect directly to a long-distance carrier. Eleven of its top 20 corporate customers have elected to go the bypass route, a loss estimated at about $360 million per year.

The company designed and tested Project Victoria, a $26-million audiotex and videotex service trial that employed Dow Jones & Co. and Chronicle Information Services as information providers. It also participated in a consortium that developed the gateway technology used by BellSouth, Bell Atlantic and Nynex.

PacTel had been expected to begin a trial of California Online, a videotex gateway in the San Francisco Bay area, this year. However, it dropped plans last October because of insufficient potential customers and information providers. In a letter to prospective information providers, Roger Conrad, director of voice information and gateway services, said PacTel did not want to test a service "that does not have a high probability of becoming a successful commercial offering."

Following Ameritech's lead, PacTel has decided to concentrate its information efforts in the audiotex arena. California has more 976 numbers than any other state, and PacTel has gleaned great experience in voice services. Last June, the company began testing Smart Talk, a voice ad service; after dialing the main number, customers use a four-digit number to hear information about a company, product or service.

PacTel also is aggressively pursuing cable-TV partnerships, several of which have fallen through—including the attempted purchase of Rogers Communications in partnership with United Artists. It has bid to purchase 68 percent of Chicago's Group W cable franchise, but that requires a waiver from Judge Greene, who in mid-January was still studying the request.

Southwestern Bell

It specializes in the directory publishing business, but like its region, it's slumping.

Chairman and CEO: Edward E. Whitacre Jr.
Headquarters: St. Louis
1988 revenues: $8.5 billion
1988 net income: $1.1 billion
Organization and components:
I—Southwestern Bell Telephone (Arkansas, Kansas, Missouri, Oklahoma and Texas)
II—Southwestern Bell Publications—publishes directories and other publications
III—Southwestern Bell Mobile Systems—provides mobile phone services
IV—Southwestern Bell Telecom—markets telecommunications systems and products to consumers and businesses
V—Metromedia Paging Services
VI—Gulf Printing Co.—prints directories and other publications for commercial accounts
VII—SBC Technology Resources Inc.—provides technology planning and assessment for SB subsidiaries
- SBC Corporate Services Inc.; provides services for internal operations
- SBC Administrative Services Inc.; provides services for internal operations
- Southwestern Bell Capital Corp.; obtains financing for non-telephone subsidiaries
- SBC Asset Management Inc.; real estate.

While it was the fastest-growing company at divestiture, Southwestern Bell has since slumped, mainly because it is situated in a region that has experienced economic woes in recent years. Half of its phone revenue comes from Texas, which has been especially hard-hit. In addition, the company spent large sums of money aimed at becoming a national communications company, especially in the area of cellular telephones, paging services and Yellow Pages. Off to a slow start with The One Book in the Washington, D.C., area, it shut down Silver Pages—aimed at senior citizens—altogether. Overall, its directory advertising revenue in 1988 was 8.5 percent of total revenue, down from 9.1 the previous year.

The company has a history of publishing. Just as the current Ameritech area (more specifically Illinois Bell) was often an AT&T test bed for new technology, Southwestern Bell Telephone was regularly used by Ma Bell to test new publishing techniques. Faced with stiff directory competition and a maturing market, it is now emphasizing marketing consultation instead of sales. The company can be expected to offer product enhancements while searching for new publishing products besides directories. For instance, it published the official Seoul Olympics Guidebook, and a subsidiary won the federal contract to mail the surgeon general's AIDS brochure to every U.S. household.

"There are good opportunities associated with the directory business," says company executive Hanneman. "That's where our know-how is."

The company began two gateway tests in Houston last spring. The audio service is called Quickvoice, the videotex is called Sourceline [**presstime**, May 1989, p. 49]. Southwestern Bell doesn't charge users for access. It takes a fee for billing information providers and receives payment through the user's phone bill. "We're still trying to find the best way to price," says Hanneman. "After all, it's still a test."

Southwestern Bell is looking for volume usage, and more than 150 sources offer information through the gateway. USA Today, the Houston Chronicle and the Chicago Tribune provide services through a third party. Home banking, shopping, classified ads, sports bulletins and travel information are also available.

Hanneman says that unless the MFJ restrictions are lifted, the gateway business will be stifled. "We probably can't make the gateway business all it can be because of the MFJ. I'm not just talking about being an information provider. There's a lot more we can't do because of the restrictions," he says. "The ANPA and others have concerns about anticompetitive behavior." Yet "there's so much scrutiny now. If we got further into the information business, there would be even more."

The previous chairman and CEO, Zane E. Barnes, recently retired, with Whitacre taking his place the first of this year. Whitacre has beliefs similar to Barnes and is expected to emphasize the unregulated parts of Southwestern Bell's business. He is considered a steady and deliberate leader.

USWEST

Emphasis is on research and development, and bold steps beyond traditional services.

Chairman and CEO: Jack A. MacAllister
Headquarters: Denver
1988 revenues: $9.2 billion
1988 net income: $1.1 billion
Organization and components:

I—US West Communications—Mountain Bell, Northwestern Bell, Pacific Northwest Bell

II—US West NewVector Group Inc.—provides mobile communications and paging

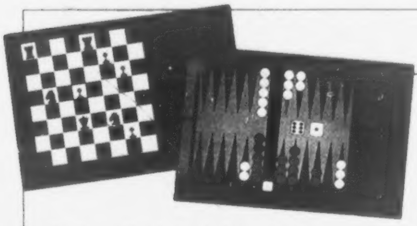
III—US West Marketing Resources Group—publishes telephone directories

IV—Data Systems Division—Applied Communications Inc.; supplies software for financial transactions

V—US West Information Technology Group—US West Advanced Technologies Inc.; new product development

VI—US West Business Resources Inc.—handles procurement

More Newspapers Are Offering Custome



Not all of the information newspapers deliver is winding up on the front porch. Increasingly, it's coming over the phone lines.

In the last decade, motivated by a desire to gain experience in emerging telephone-based technologies, newspapers began experimenting with videotex, its less complicated cousin audiotex and facsimile publications.

Consumer acceptance of all these services hasn't been instantaneous or overwhelming. But they are catching on, according to the editors and marketing directors who run them.

Consider the experience of the Fort Worth Star-Telegram, which launched a videotex service known as StarText in 1982. At the time, says Marketing Director Gerry J. Barker, "electronic publishing was a hot topic."

The Star-Telegram teamed up with Tandy Corp. to offer an electronic edition of the paper. A year later, the Star-Telegram severed its relationship with Tandy and went it alone.

Today more than 4,000 personal computer owners pay $9.95 a month for unlimited access to the paper's classifieds, news stories, *Grolier's Encyclopedia* and community data.

StarText began making a profit in 1986, when the service had just 2,000 subscribers, Barker says. At start-up, it had just three full-time staff members; today StarText employs seven full-timers and four part-timers.

Pioneering videotex ventures of other media firms weren't as sweet, however.

Before bailing out in the mid-1980s, Times Mirror's Gateway and Knight-Ridder's Viewtron services lost millions of dollars. Their experiences left some other newspaper companies gun-shy.

Timothy P. Keyser, director of business development for the Omaha World-Herald Co., figures 12,000 to 15,000 customers will have to sign up for the Omaha Citinet videotex service before the venture, which was launched July 1 in partnership with American Citinet of Boston, becomes profitable.

That could take up to three years, according to US West, which operates the Community Link gateway on which the World-Herald Co. offers Citinet.

Clearly, selling videotex to consumers presents quite a challenge. "It's like the first coming of the electric knife—we have to create the need," Keyser says.

Newspaper executives say one of the main hindrances to consumer acceptance is the pay-per-minute pricing strategies the RBOCs charge for the use of gateways. "When you turn the meter on," says Keyser, "you turn people off."

With Citinet, the World-Herald Co. offers unlimited access to electronic mail and electronic chat lines—including one for cat lovers known as "Furball Corner"—for $3.95 a month.

Another World-Herald Co. videotex service, "Electronic Edition," consists of information from the newspaper. To encourage use of that 3-month-old service, the newspaper company is absorbing US West's 5-cents-per-minute gateway fee.

"We believe this is an intelligent move," Keyser says. "You need to introduce new technology in an affordable manner to see if people will respond."

Gannett New Media Services has had good response to one of its videotex services, USA Today Sports Center, which gives subscribers access to sports news stories as they become available. The Sports Center also features electronic baseball, chess and backgammon. (See photos.)

Even more popular with consumers are audiotex voice-information services, to for all US West companies

VII—US West Financial Services Inc.—provides equipment leasing and sales financing to US West companies and others

VIII—US West Ventures Group—manages start-up ventures for subsidiaries

IX—US West International—handles overseas operations.

Like Ameritech and Southwestern Bell, US West suffers from regional economic woes. It is also hampered by its vast area—14 states, much of the territory open ranges—which relates to the highest cost of maintaining the core telephone business of any RBOC. Of all the companies, it has ventured the furthest from phone business, mainly as a way to attract investors and serve its shareholders.

Fiber optics are the key to high-tech services.

As an indication of its forward thinking, US West was the first spun-off Bell company to decide not to use the Bell name. It wanted to show investors that it wouldn't think like a "bell-shaped head." That attitude is embodied in Chairman MacAllister, who is considered an industry maverick always open to new ideas and, more importantly, to new partnerships and deals. He is considered a skillful negotiator.

One of the company's coups was to create the Applied Communications unit, which took US West's expertise in building management and operating networks and turned it into a financial giant. Applied Communications developed automated teller and point-of-sale network software that is licensed and used in more than half of the world's electronic funds transfers.

US West places great emphasis on R&D. Its Advanced Technology Lab has 1,500 employees, and in 1988 ground was broken for a new $45-million facility in Boulder, Colo. It is scheduled to be completed next year.

Despite its view of the information age, US West has come late to on-line text services. A trial dubbed Community Link has begun in Omaha (partly because of Nebraska's deregulation atmosphere), which will offer a no-frills gateway. Information providers will set the price, starting at about 5 cents per minute.

According to US West Communications Vice President and General Manager Linda Laskowski, the company purposely took its time before beginning Community Link. "Our approach is to reach a broad audience with videotex services," she says. About 300 services are on line, including an "electronic version" of the Omaha World Herald [**presstime**, Dec. 1988, p. 42].

Part of the strategy includes low-end terminals similar to those offered by Minitel in France. "We also have to appeal to the PC user," notes Laskowski, "which is why we give free software to PC users." ☐

elephone-based Information Services

which access is gained by a touch-tone phone. Newspapers began experimenting with audiotex after the early videotex ventures. Today more than 40 papers operate voice services, providing such prerecorded information as horoscopes, soap opera updates, stock quotes and weather reports. Also quite popular—and profitable—are the voice mailboxes many papers offer to both advertisers and readers.

At The Palm Beach Post of West Palm Beach, Fla., golfers can find out which club to use to get out of a bunker by calling PostLine. In Peoria, users of the Journal Star's TelEdition can keep the bloom in their cheeks by following the advice passed along on the health line.

Most of these services are advertising-supported. Before getting the information they covet, consumers hear advertisements that last 15 seconds or longer.

The majority of the voice services operated by newspapers are not profitable, though. A recent ANPA survey of 18 newspapers with voice projects found that only three of them were making money.

One of the profitable services is InfoTel, sponsored by The Morning Call of Allentown, Pa. Geri Kotz, the newspaper's classified advertising manager, says she is not certain why InfoTel has been successful virtually from the start. She speculates, however, that it may be because InfoTel is handled by marketers rather than by telecommunications specialists, as is true at most newspapers.

Kotz says this organizational structure made it easier to sell the ad staff on the service. "We all bought into it"—that is, the salespeople did not have to be cajoled into selling electronic ads, she explains.

Judging by the call volume many newspapers' voice services are receiving, consumers have very little trouble understanding how they work. Last year The Atlanta Journal and The Atlanta Constitution logged some 5 million calls to their telephone hotlines. And Chris Jennewein, who directs the newspapers' information services, expects volume will double this year.

Also finding quick acceptance are the toll-free 800 services [**presstime**, Jan. 1990, p. 14] and their for-fee 900 counterparts. Readers of the Atlanta papers, for example, can get a jump on the next day's classifieds by dialing a 900 number.

How well facsimile editions of newspapers will catch on is less clear. The Hartford Courant, which in April 1989 became the first major daily in the modern era to launch a facsimile edition, continues to tinker with the form. In January, for example, it began selling strip ads for the bottom of the one-page summary, which reaches subscribers by 4:30 p.m.

Bill A. Williams, assistant to the publisher, says the paper has also had quite a time figuring how to price the service. When FaxPaper was introduced, subscriptions cost $2,500 a year. Today, the rate is $600.

The Globe and Mail of Toronto faced similar pricing questions when it introduced a four-page fax edition in January. To cover transmission costs, the paper created a monthly pricing scheme that ranges from $75 for Canadian customers to $700 for those in China.

Rick A. Noble, general manager of Info Globe, figures the fax service will break even when 75 subscriptions are sold.

Other recent or soon-to-be entrants to the field include The New York Times, the Los Angeles Times and The Knoxville (Tenn.) News-Sentinel.

StarText's Barker says that as more companies begin to compete in the videotex, audiotex and fax markets, "the winner will be the one who can deliver the content consumers want in the most easily accessible format." Because they are so content-intensive, newspapers seem ideally positioned to become leaders in the electronic information field, he says.

—Christine Reid Veronis

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East European Press Is Struggling To Emerge

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CHAIRMAN'S CORNER

Your views are essential on key future issues

This is a good time to report on some very thoughtful work recently completed by your ANPA Board of Directors. During our January board meeting, we devoted two out of three days to thinking about the future.

The result was identification of the "key issues" confronting our industry and Association in the 1991-93 time frame.

Strategic planning, though not an exact science, is an essential ingredient of leadership. The only dependable way to upgrade results is to anticipate and understand the future. Crystal ball gazing helps.

Initial deliberations were wide-ranging, candid and at times contentious. We laid the cards—both high and low—on the table, arriving finally at consensus on the "critical few" issues, distinguished from a larger array of "merely important" concerns.

William H. Cowles 3rd

These "key issues" underlie strategies and action plans the Association and its standing committees will pursue in coming years:

- *The need to increase market penetration and reach varied demographic segments.* Here your directors have in mind our obvious need in almost every community to increase both readership and circulation. Literacy and education play a part along with pursuit of editorial excellence, better distribution, customer service and more.
- *The need to achieve fair treatment from government at all levels.* Specific targets among others include postal rates and service, the diversity principle, recycling, news access and the cause of a free press.
- *The need to meet the challenge of new competitive technology by developing newspapers as gateways to all information, thereby expanding our audience and market share.* New telecommunications technologies will provide opportunities for us to maximize use of newspaper databases.
- *The need for ANPA to develop cost-effective, coordinated and innovative programs for the industry.* We asked whether our industry can be organized better to get more bang and less bureaucracy for the buck.
- *The need to exploit technology to develop ways to control costs and improve quality.* Ongoing research at The Newspaper Center, systematically planned, will continue to enhance our value and efficiency.
- *The need to assist the industry in developing diverse human resources to be more effective in a competitive environment.* It's people who ultimately provide the key to success.

More detail later. In the meantime your directors, President Jerry Friedheim and I would welcome your thoughts on those key issues you believe we must address successfully together.

Bill Cowles

William H. Cowles 3rd
ANPA Chairman

SOME CONTROLS PERSIST

FREEDOM REFRESHES EASTERN

BY RONALD KOVEN

The newspaper kiosks open at 6 a.m. in Prague. By 6:30 all the new Czechoslovakian publications created since the Communists were turned out of power are sold out. The big Communist Party organ, Rude Pravo, with 1 million circulation, does not sell out until noon.

There is intense interest in the brave new media that speak with new voices, many of which are still running on the revolutionary élan that comes from their origins as underground, or "samizdat," publications. "There were always lots of different papers," says a cab driver. "But there was no point in buying more than one; they all said exactly the same thing. Now, even the old party papers say different things from each other."

But there is persistence of control by the old media structures throughout Eastern Europe. The new newspapers are hamstrung by the small newsprint quotas they get from the state paper monopolies, still controlled by the old party people: The new media can't get enough newsprint; the old ones get as much or more than they need.

A just-completed survey tour of emerging new media in East Germany, Poland, Czechoslovakia and Hungary encountered many independent-minded journalists who are complaining bitterly. They say the new governments' policies of power-sharing, consensus with the old Communist establishments—the *Nomenklatura*—and "no witchhunts" means that no matter what new labels the old ruling parties now adopt, the establishments are still largely in control in and around the press.

There have been sacrificial lambs and new looks. But even some of the new media represent mutations of the old Communist establishments.

The media that are the most desirable from a free-press standpoint—new, independent news outlets untied to the new or the old parties—may well have the most difficulty making a go of it. Given bad economic conditions throughout the region, a paper that is not backed by a major institution capable of absorbing big deficits—party, government, church or labor movement—has two strikes against it.

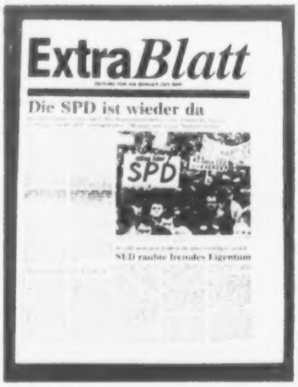
Advertising markets are very narrow and poorly organized. Ad rates are low. Family budgets are very tight, and the extremely low cover prices of publications are close to the limit of what the market will bear.

From country to country, things are very much in flux. What is true today may no longer be so next week, next month or next year. Each country is a special case.

Summaries of the situations of the new media in the countries visited follow. Romania and Bulgaria were not included because their political pictures seem too uncertain to gauge in what context the press will be operating.

EAST GERMANY. It is still very early, historically speaking, since the opening of the Berlin Wall on Nov. 10. But it is already clear that East Germany is the most special case of all because of its close ties to West Germany with its highly developed, commercially aggressive free press. In the main, the prospect is that the German media of the West will help—or absorb—the German media of the East.

Evidently concerned about being swallowed whole, East Germany is preparing a new press law stipulating that the head of any new press company must be both an East German citizen and resident.



ExtraBlatt

Die SPD ist wieder da

SPD

SED raubte fremdes Eigentum

East Berlin paper produces an extra edition.

The first reflex of the West German press will simply be to expand circulation into East Germany. Asked what plans they had to help the press in East Berlin, managers at West Berlin's independent daily Tagesspiegel (circulation 140,000) say that their paper was circulated throughout the city before the Berlin Blockade of 1948, and that they plan to resume city-wide distribution as soon as barriers such as prohibitive postal rates are lifted. Already, they say, the paper's circulation has increased by 10,000 copies daily since November—just from East Berliners crossing to the West and taking the paper back home.

When the West German weekly magazine Stern arranged free distribution of a special issue about the first free East German elections coming up March 18, East Berlin's normally sparse car flows turned into a major traffic jam as people streamed in from outlying towns for copies.

The Hamburg newsweekly Der Spiegel has set up its own distribution system with copies selling at a deliberately low price of 3 East German Marks (about 60 cents U.S.). The Frankfurter Allgemeine Zeitung, the great West German daily, ran a house ad thanking the readers who had bought 2,258 subscriptions for East Germans.

Another emerging pattern is joint ventures between the two Germanys. In Leipzig, East Germany's second-largest city and center of the church-protected New Forum movement that overthrew the old regime, construction engineer Pedro Feller made a 50-50 deal with Mathias Fink, a West German publisher from near Hanover, to put out an independent commercial daily, Wir in Leipzig (We in Leipzig). It has the editorial staff operating in the East and the printing plant in the West. Billed as "the first German-German

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Koven, a former foreign correspondent and foreign editor for The Washington Post, is the Paris correspondent of The Boston Globe and the Paris-based representative of the World Press Freedom Committee. This report, commissioned by **presstime**, *is based on his recent two-week inspection tour of Eastern Europe on behalf of six press-freedom groups that jointly established an East Europe Press Aid Project.*

BUT DOESN'T SOLVE ALL PROBLEMS FOR THE EUROPEAN PRESS

newspaper," it distributed 180,000 copies to all of the city's mailboxes of a first, free promotional issue on Jan. 26. It is projected to go to daily circulation of 60,000 in April after a break-in run as a weekly. The paper will carry ads from both Germanys.

By December, Feller says, he hopes to set up a new, modern printing plant in Leipzig.

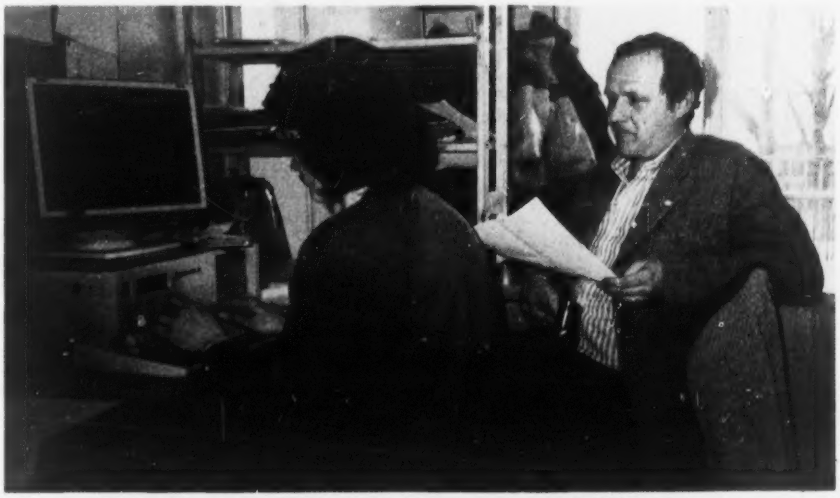
This would probably drive out of business the old-line Leipzig printing press that belonged to the Communist Party until January, when party leaders agreed to "give it back to the people," meaning the state.

A nostalgia-laden tour of the only newspaper printing plant in Leipzig, with its 18 Soviet-made hot-metal typesetting machines and long rows of handset typeboxes for headlines, included wry comments from East German printers, such as "Welcome to our museum" or "Gutenberg could come here now and go to work immediately without any hesitation over what to do." Throughout Eastern Europe, newspaper executives joke similarly about wanting to emerge from "the Age of Lead."

Combining the joint-venture approach with the old German tradition of associating newspaper and book publishing, the New Forum Movement in Leipzig is planning to finance the early days of its new weekly, DAZ (for Die Andere Zeitung, or The Other Newspaper), in a co-publishing deal with the giant West German book publisher Bertelsmann. They will jointly produce a commemorative volume *Jetzt Oder Nie. Demokratie*—the rhyming chant of the Leipzig movement, "Democracy, Now or Never." The book will include photos and text about the autumn "peace prayer" demonstrations in which the New Forum movement called for press freedom, among other things, and ultimately toppled the old regime.

Despite its innovative approach, DAZ seems bound to bump up against severe constraints still imposed by the system in East Germany. The clever young students behind the enterprise, after procuring from West Germany an apartment full of word processors, had to apply to the state paper

Staff of Die Andere lay out the weekly's first issue in an East Berlin apartment. The new paper is published by the New Forum opposition movement in East Germany.



Photos by Ronald Koven

Gazeta Wyborcza Editor Adam Michnik, a Solidarity member of the Polish Parliament, dictates his commentary because he does not know how to use the word processor.

monopoly and were granted only 189 metric tons of newsprint for this year—enough for just 40,000 copies weekly.

And despite the willingness to embrace West German capitalist ways, the East Germans are also quick to relapse into welfare-state journalism. DAZ Editor Jan Peter recounts how his paper obtained its offices in a slummy ground-floor apartment next to a railroad siding: "We threatened the mayor that we would stage a sit-in at his office in city hall until he found us space for the paper."

The old party press is also changing, at least outwardly. In Erfurt, at the Thueringer Allgemeine, the staff voted to dismiss its editor-in-chief. The editor of New Forum's weekly in East Berlin, Dieter Krause, says he found this "very suspicious. Except for the editor, it's all the same old people, and now they're trying to hang on."

Journalism students from Charles University sell their new Studentske Listy newspaper in Wenceslas Square.

Ronald Koven

Communist revolutionary titles of the dailies in the 14 East German regional capitals have been changed back to normal-sounding newspaper names. So, Volkswacht (The People's Guardian) in Gera has become the Ostthueringer Nachrichten (East Thueringer News); Neuer Tag (New Day) In Frankfurt-on-the-Oder is now the Neue Oder Zeitung (New Oder Newspaper).

One of the few papers to keep such old titles is the prestigious Leipziger Volkszeitung (Leipzig People's Newspaper, circulation 240,000), an old Socialist Party paper from before World War I. The now-renewed East German Socialist Party, which turned over all its properties when it was forced into a shotgun wedding with the Communists in 1946, is reclaiming what it put into the common pot, including its newspapers.

But an argument has been raging among the East German Socialists over whether there should be a general-circulation party press.

Early plans for the party to found a major weekly were abandoned, according to party spokesman Stefan Reichl. "The mass media must be independent, not a party press," he says. Once the party gets its old papers back, Reichl vows, it will free them of any party affiliation. The Socialists would then confine themselves to creating a weekly house organ for their membership.

As for the rest of the print media, he predicts, "People will be buying and subscribing to the West German press. The East and West German press will work together. There will be pan-German papers, plus an independent local press."

Yet, Uwe Mueller, president of the Leipzig Socialist Party and a journalist who has started a one-man Socialist news agency exchanging news of European Social Democrats, makes it clear that he can't wait to get his hands on the Leipziger Volkszeitung. Requiring him to let go if and when it reverts to the local Socialists may be easier said than done.

POLAND. The situation of the Polish press is clearly the most catastrophic, with the possible exception of conditions reported from Romania. Some radical rethinking seems needed if a truly independent press is to come into being and survive in Poland. Otherwise, the Polish press will be reduced to papers kept alive because they are the official or semiofficial organs of the government, the *Nomenklatura*, Solidarity or the church.

Many Polish journalists have been jolted by recent events into the realization that trading the Communists for Solidarity as journalistic masters could prove a poor bargain. But few of those same journalists have taken the next step—to convince themselves that they need to operate new papers as commercial enterprises so they can stand on their own.

The overriding problem of the press in Poland, the largest country in the region (see chart), is the cost of newsprint. Subsidized prices ended Jan. 1 with the freeing of the paper market. The cost jumped threefold, almost overnight, to world levels. Actually, over a six-month period, prices skyrocketed by a factor of 24.

Nobody can cite a single example of a publication that is not seriously in the red—including the old, established Communist and church papers, although they are insulated by large paper stocks. The Solidarity daily Gazeta Wyborcza has cut its print run from 550,000 to 400,000 to save paper.

Price rationing has replaced the stranglehold quota system of the old state monopoly on newsprint and other paper. The expectation is of a cascade of bankruptcies, starting immediately, and of a doubling—to 20 percent—of unemployment among Polish journalists.

Whether economic conditions allow for their success or not, the largest number of new media projects in all stages of development is undoubtedly concentrated in Poland. When he spoke in Washington, D.C., in early December, Stefan Bratkowski, president of the independent Polish Journalists Association, said he hoped there would be 500 small local papers created in the country [**presstime**, Jan. 1990, p. 49]. By late January his count was more than 600.

A pile of sample papers he had received in a single week included a moving array of small village sheets, ranging from weekly to whenever, that were mimeographed, photocopied, letterpress or even serigraphed—the classic technique of the Polish underground press. (There is reckoned to have been 1,200 underground titles over the seven years of martial law in Poland, and 3.5-million Poles were regularly reading them at its height.)

Bratkowski's pile also included the first independent regional daily, published in Bialystok near the northeast frontier with the Soviet Union. Complete with advertising, it is a tabloid obviously modeled on Gazeta Wyborcza (Electoral Gazette), the daily close to Solidarity that is credited, even by its numerous journalistic critics, with having created the breakthrough for press freedom in Poland in May 1989.

A number of newspaper projects, some very ambitious, are planned for national dailies and major regionals in Wroclaw, Poznan, Lodz and Cracow. There have been a number of flirtations with major Western

Eastern European Countries and Their Press

Bulgaria
Population: 9 million
Newspapers: 17 dailies (7 national)
Journalists: 6,000
Czechoslovakia
Population: 16 million
Newspapers: 30 dailies (8 national)
Journalists: 7,500
German Democratic Republic (East Germany)
Population: 17 million
Newspapers: 24 dailies (8 national, 14 in district capitals)
Journalists: N/A
Hungary
Population: 10.6 million
Newspapers: 30 dailies (6 national)
Journalists: 5,300
Poland
Population: 38 million
Newspapers: 47 dailies (8 national)
Journalists: 10,000
Romania
Population: 23 million
Newspapers: 16 dailies (6 national, 3 in Hungarian, 2 in German)
Journalists: 3,100

media companies, including Murdoch, Maxwell and Hersant, but no major deals seem to be in the offing, evidently because of the serious economic uncertainties.

Paper and ink alone now account for 70-80 percent of total costs at most papers. At the government paper Rzeczpospolita (Republic, circulation 300,000), the editors say paper and ink form 70 percent of costs; payments to the Communist Party-owned RSW printing and distribution monopoly, 27 percent; and staff, 3 percent. That paper, with a new team of top editors since October, is now regarded as the most serious, informative paper in Poland.

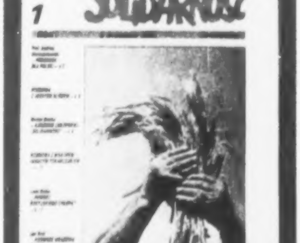
The Polish press world was severely shaken this autumn by the action of Solidarity leader Lech Walesa. Soon after Solidarity formed the government—with Tadeusz Mazowiecki, editor of Tygodnik Solidarnosc (Solidarity Weekly) becoming prime minister—Walesa moved to regain personal control of Tygodnik Solidarnosc. He muscled aside Mazowiecki's successor as editor to name his own person. In the uproar that ensued, half the staff quit or was fired.

Gazeta Wyborcza hired the most notable ones in a show of sympathy with the Solidarity movement's governmental/parliamentary faction.

This upheaval accelerated a growing conviction among Polish journalists of the need to establish truly independent papers. Hence, the revival in late January of the weekly Po Prostu (Simply Speaking), a dissident Communist weekly banned in 1957 for crossing the line to advocate real democracy. Po Prostu's young star columnist, Konstanty Gebert, who dropped his close collaboration with Gazeta Wyborcza, says: "We are now realizing the press needs to be independent from all masters. Besides, Gazeta is . . . an extension of the underground press. . . . It's not just that its coverage is too short and incomplete because it lacks space. It's also that it has its own taboo subjects about the Solidarity government. . . .

"We'll be basically friendly to this democratic government. But the best service we can perform for our friends is to be critical and independent. I think we've already outgrown the phase of militant journalism in this country."

While the first 50,000-copy press run of Po Prostu was a sellout, its relatively high cover price for Poland of 13 cents (U.S.) is not enough to cover costs. The newspaper does not plan to carry ads because the editors won't give up any space in the 16-page paper.



Solidarity Farmers' Weekly lives hand to mouth.

Ernest Skalski, a highly respected senior editor at Gazeta, does not basically disagree with Gebert. "Our young journalists," says Skalski, "must learn how to collect and write news. Our papers were propaganda sheets, not sources of information. We have lots of columnists, or people pretending to be columnists, and very few newsmen. Everyone wants to print his opinion; no one wants to work on the news desk."

Conceding that even Trybuna Ludu, the big old Polish Communist Party paper, is more interesting and has picked up circulation now that it is writing against the new government, Skalski says, "It's easier to publish an opposition paper. But it's still the same old people."

Gazeta has almost cornered the market on Western help. Its offices in an old kindergarten in an outlying public housing development are full of word processors. But they are still being used like fancy typewriters, because there is no linkup with photocomposition and none is expected for at least six months, the editors say (even though Gazeta International, an English-language weekly extract of the daily, is experimenting with desktop publishing). Journalists compose on the screens, then print out the copy to be set in lead at RSW. Gazeta has not yet found space to house the second-hand press contributed by the Paris daily Le Monde to allow independence from RSW.

Gazeta is also heavily overstaffed, perhaps by as much as two-thirds—just like the old Communist Party papers but for different reasons. "How do you refuse to hire someone you worked together with in the underground, who went to prison, who is ready to work 24 hours a day without complaining?" asked a sympathetic critic of Gazeta.

Meanwhile, by turning themselves into "private companies" and cooperatives, the old Communist papers are restructuring to outmaneuver any government plans to take them away from the old Communist establishments. "It was a big mistake," says Maciej Illowiecki, acting president of the independent Polish Journalists Association, "to leave the media in Communist hands. The party is changing its face, manipulating things. . . . About 60 percent of the media is Communist-controlled. All of the local dailies are being run by the *Nomenklatura*. At the TV, the new chief is no longer Communist, and he has a few young, low-level journalists on his side. But the leadership and control layer is still in Communist or secret police hands. . . .

"The West doesn't grasp the dangers of the situation," Ilowiecki continues. "The *Nomenklatura* is beginning to regroup to exploit the weaknesses and disorganization of the democratic forces in and out of the press. The new structures in the media throughout Eastern Europe are not interconnected. The enemies of reform know how to take advantage of this. The old Establishment is ready for a counterrevolution. If they should succeed in the Soviet Union, then we can all just get ready to go back to prison."

To get around the paper problem, some people think the answer for local media is independent local FM radio stations. Bratkowski has proposed creation of 500 such stations. But that is still very far off.

As Slawomir Siwek, editor of Solidarnosc Tygodnik Rolnikow (Solidarity Farmers' Weekly), sums up the situation, "Our paper lives from hand to mouth. Here in Poland we are building capitalism without capital."

CZECHOSLOVAKIA. The new media in Prague, legal only since last autumn, are running on their revolutionary enthusiasm. Accountants with balance sheets seem to be viewed as a new way to enslave the press with a new set of leaden-minded apparatchiks. New publications still think they can finance themselves with fervor alone.

Lidové Noviny (People's News), the newspaper of the Civic Forum movement, the new government party, is the most important new publication. It is now being published twice-weekly with a press run of 380,000 copies—cut back from an initial 500,000 for lack of newsprint.

Scheduled to go daily in April, Lidové Noviny has a serious look to it—not yet any ads, small photos and a front-page cartoon, solid blocks of type.

The original Lidové Noviny was the intellectual prestige paper of the post-World War I Czechoslovak republic, but the Communists closed it down in 1952.

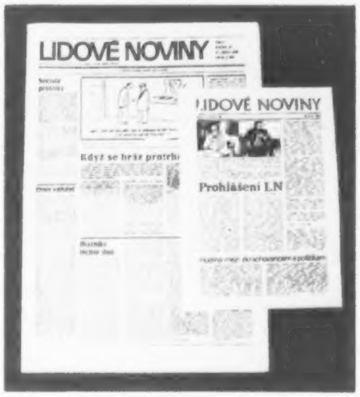
Its run-down offices on Wenceslas Square have a palpable atmosphere of justifiable pride over having led the peaceful revolution from communism. When the paper was the underground monthly of the Charter 77 opposition group, its board of governors included now-President Vaclav Havel, now-Foreign Minister Jiri Dienstbier and Rita Krimova, the new Czechoslovak ambassador to Washington.

The two top editors, Jiri Ruml and Rudolf Zeman, were jailed in October soon after they attempted to register the paper officially as an above-ground publication. The campaign to free them was one of the elements that led to the mass demonstrations that toppled the Communist government in late November.

Ronald Koven

A bust of Josef Stalin in a Czech journalism students' newsroom is mockingly adorned with a green eyeshade and the words "Our Editor-in-Chief."

Lidové Noviny is still living in large part on loans and contributions from Sweden, Austria, West Germany, France and the United States, as well as from Czech emigrés. The staff is still trying to figure out what would be the best electronic editing system to install.



A once-underground paper (right) has blossomed in Prague.

Yet some journalists who do not want to be identified with a party hesitate to join Lidové Noviny. Jan Ruml, the 36-year-old son of Lidové Noviny's editor-in-chief and a respected journalist in his own right, refused to join his father's staff. Instead, he decided to run his own irregular publication, Informacni Servis/Sport, the outgrowth of an underground paper.

The younger Ruml says the "sport" referred to is that of baiting the authorities, and he is still testing the outer limits of what is permissible. Asked what his biggest problem is under the new democratic Havel government, he surprisingly says, "Censorship." His paper recently published an article accusing the army of putschist tendencies. His printer, who also prints Czechoslovakia's armed forces publications, told him he had better find another printing house for the next issue, and the interior minister, still a Communist, said he was investigating whether he could prosecute Ruml.

As if to show he backs the younger Ruml against such attempts to muzzle his paper, President Havel made a point of taking him along on his first trip to Warsaw and Budapest.

The paper's 50,000 copies are distributed by students, and there are just three paid staffers plus 15 to 20 volunteers. The only ads the paper carries are free ones for books and plays. "My newspaper," says Ruml, "should be so good that it can live without advertising. Otherwise, we have no right to do it."

He has gotten a lot of modern electronic editing equipment through the Swedish-based Charter 77 Foundation, but he readily admits a need to "professionalize" his staff through foreign internships and English courses.

Irena Gerova is hailed as the most courageous journalist in the old party press for her insistence on covering the November demonstrations going on right outside the windows of her daily, Svobodny Slovo (Free Word), overlooking Wenceslas Square. The official press tried for weeks to ignore the events. As soon as the government was changed, papers like Gerova's began acting more independently.

Nevertheless, with five other independent-minded staffers, she preferred to create a spinoff political-cultural weekly, Svobodny Zitrek (Free Tomorrow), rather than continue to deal with the same compromised editors who insisted she refer to Charter 77 leader Havel as "a Czech playwright"—without ever citing his name.

The parent daily has no paper problems, but the weekly is restricted to a bare break-even 60,000 copies. Staff members are certain they could easily sell 100,000 and make a real profit.

Special pleas are heard in Prague for Westerners not to neglect the counterparts of Lidové Noviny in the capitals of the country's two other federal states—Verejnost in Bratislava, capital of Slovakia, and Moravské Noviny in Brno, capital of Moravia. The continued hold of the old Communists over the official press in those states is said to be even stronger than in Prague.

The newly created independent Syndicat of Journalists is sponsoring the reappearance of the monthly Reporter, a title identified with the short-lived "Prague Spring" uprising of 1968. Its new editor, Miroslav Filip, was also jailed under the previous government.

He has his offices in the same building that houses the Prague headquarters of the old pro-Soviet-line International Organization of Journalists.

The IOJ's continuing presence in Prague is an embarrassment for the new breed of Czech journalists. Zeman of Lidové Noviny, who is president of the new Syndicat, says it poses "delicate" problems, both because the IOJ owns elaborate facilities and because there are more than 50 authoritarian Third World governments that want their journalists' unions to stay in the organization.

It stands discredited among East European journalists, however. The new Polish Journalists Association has joined the rival pro-Western International Federation of

Journalists, which is based in Brussels.

Zeman wonders whether it might be possible for the Czech Syndicat to belong to both federations. Before deciding, he says, he wants to consult with the new independent journalists' groups in Hungary and Poland.

HUNGARY. In Hungary, the transition is furthest along, with a lively, varied media scene in which there are even the first serious attempts to create independent radio-television. Unlike the other countries, where the importance of advertising is only dimly understood, it is so widespread in Hungary that journalists say the public is already rebelling against an overdose, both in print and on state broadcast media.

The big problem in Hungary seems to be how to deal with the shocks and pressures of freedom. Hungarians are quick to compare their situation with the way post-Franco Spain was struggling for an equilibrium point between freedom and license. The concerns expressed are over pornography, libel and defamation, make-it-up-as-you-go-along journalism, preventing opportunists and turncoats of the old regime from dominating the new media scene, and setting up legal defenses against massive foreign takeovers of a still economically vulnerable press.

As in the other countries, however, truly independent private papers are still having trouble dealing with the *Nomenklatura*-controlled distribution monopoly, exercised by the post office. It even runs the newsstands.

Datum, a daily founded in April 1989 that Western diplomats consider the most independent major publication, is having a great deal of trouble making a breakthrough. Editor Ivan Baba says he has a running battle with the post office, which insists it can sell only 10,000 copies daily. He has been managing to sell an equal number on his own but says he needs a full-scale distribution system to break what he sees as the post office's attempt to destroy his paper—even though it gets a 30-percent cut of sales.

Egy cipőben járunk
reform
„Vádolom a nyugati kormányokat!"
Exkluzív interjúnk

Rupert Murdoch owns half of this lively Hungarian tabloid.

Baba says there is no real paper problem in Hungary. Nevertheless, he must buy from a government agency that makes him pay for Western-quality newsprint yet delivers Soviet rolls worth 15 percent less on the world market.

Baba wants to have five regional zoned editions with local news and to expand his coverage of consumer and financial news of direct interest to readers—something the Hungarian press generally ignores in favor of big-picture economic policy and financial news.

Other independent papers include such general-interest publications as the weeklies Vilag (Words) and Beszelo (Speaker), as well as the satirical biweekly Magyar Narancs (Hungarian Orange) of the Free Democratic Union—the Hungarian movement that successfully challenged the grip of the old Communist Party. All of them are held down to about 30,000 copies each by the same system restricting the expansion of Datum.

The big new success story of the Hungarian press is the lively color tabloid Reform, edited by Peter Toke, which calls itself "An Independent Democratic News Magazine." At 400,000 copies weekly, it has become one of the most important publications in Hungary. Reform was originally owned by a consortium of Hungarian state organs, including a 15-percent participation by the Communist Party. This was watered down through an increase in capital in which Rupert Murdoch bought a 50-percent interest for $4 million, along with half of the company's new 100,000-circulation afternoon daily Mai Nap (Today).

Robert Maxwell has also bought a 40-percent share of the government-owned daily Magyar Hirlap (Hungarian Newspaper, circulation 100,000). Consummation of the deal initially was held up when Maxwell discovered that the paper lost more than $400,000 last year.

But the most spectacular foreign takeover that has been in the works involves the formerly Communist Magyar Nemzet (Hungarian Nation, circulation 140,000). Negotiating to buy the paper has been George Soros, a Hungarian-American multimillionaire whose personal foundation spends $4 million a year for Hungarians to study abroad and for a management training center in Budapest. Soros has been almost single-handedly responsible for preparing the Hungarian elite to operate in a market economy.

The newspaper talks became stalled when he discovered that the paper lost $500,000 last year, and when the paper's Communist-affiliated owners balked over giving Soros the right to name a new editor. His $850,000 offer was turned down as too low. Even if that deal should fall through, it is clear that Soros is on the lookout for newspaper properties as a vehicle for his free-enterprise message to the Old Country.

If any further proof is needed that Hungary is edging toward a Western-style media scene, there is the Hungarian edition of Playboy, printed in Vienna, Austria. It is considered the most sedate of the publications in its category published for Hungarians.

Even so, in the country's 19 district capitals, the local dailies are still in Communist hands.

WHERE HELP IS NEEDED. Throughout Eastern Europe, the first plea (after help with newsprint supplies) is for familiarization courses in use of new electronic editing technology and in English, French and German for young journalists who were obliged to concentrate on Russian as their main foreign language. With some prodding, the top editors all concede that workshops and courses in all aspects of media management are also a desperate need.

Another need at the best universities, starting with Prague's venerable Charles University, is help in revamping curricula of journalism faculties that were specialized not in teaching fact finding but how to write Marxism-Leninism for the masses.

East European journalists seem to be divided between those who want equipment first and those who want skills. Jan Peter, young editor of the New Forum weekly in Leipzig, says, "Computers we can buy. We need training, training and more training." But Dieter Krause, his older counterpart at the New Forum weekly in East Berlin, seems offended by offers of journalism training. Instead, he seeks "everything" in the way of equipment. As it is, says Krause, his 10-member staff is having to make do with two typewriters among them.

There also seems to be a split between those who want to leapfrog right into the most advanced technologies and those who say that hand-me-down but serviceable heavy equipment from the West would be appreciated.

Still another split divides those who seek internships and other long-stay training opportunities in the West and those who would prefer short, intense workshop programs brought to their own cities.

All forms of contacts—anything that gives a renewed feeling of being connected with the outside world—is another insistent demand, including "twinning" of Western papers with similar interests, subscription exchanges, visits, internships and specially commissioned articles.

Good coordination in the West is important to avoid duplication, waste or undue concentration on helping just a few publications. □

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April 1990

ANPA Convention Preview

presstime

The Journal of the American Newspaper Publishers Association

Newspapers Whittle Expenses As Revenues Slow

Jeanne Long
Congressional Inform. Serv.
4520 East-West Hwy, Suite 800
Bethesda, MD
20014

presstime

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Special Report *Facing a year of soft revenues, newspapers are wielding their cost-cutting knives on the giant outlays of payroll and newsprint as well as the humbler expenses like pencils and paper clips. Some publishers are asking employees to take voluntary unpaid leave and to help absorb rapidly rising health-care costs. They are reducing travel, using energy-saving fixtures and raising cost-consciousness among their staffs. At the same time, many companies recognize that it's often necessary to spend on new equipment now in order to save in the long run.* 26

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CHAIRMAN'S CORNER

Extraordinary year sets stage for future

Fast-breaking events and unprecedented initiatives of the past 12 months are setting the stage for the final decade of the 20th century. Let's take stock and look ahead.

Internally, our Association has gone flat-out attacking our highest-priority industry opportunities and challenges, and we have vigorously positioned ourselves for the future.

Externally, during an extraordinary time of change, we have witnessed and aided transition toward greater press freedoms and civil liberties in Eastern Europe, the Soviet Union, South Africa, Panama and Nicaragua.

Accomplishments at ANPA include: circulation and readership emphasis resulting in tools and ideas you will see unveiled at this month's Los Angeles Convention; a recycling revolution in which we all are environmentalists; painstaking evolution of legislation that one day may finally preserve diversity and a level playing field in the future information marketplace; careful cost containment at The Newspaper Center even as retirements and promotions brought about senior staff transitions; a successful ANPA Foundation fund-raising campaign to continue our augmented minority-opportunity projects; a huge Newspaper in Education conference and solid literacy work; innovation from the telecommunications opportunities program; human resources tasks targeted on training, recruitment and diversification; technical research on promising post-press/distribution systems; customer service tools to help every newspaper; and such traditional things as the lowest accident rate in 50 years via the Safe Driving Campaign!

William H. Cowles 3rd

Facing outward toward our international interests and colleagues, we have joined the World Press Freedom Committee, FIEJ, IAPA and many others in encouraging the outbreak of press freedom in previously closed societies.

While recognizing that each country's emerging free press must build at its own rate and cope with its own special circumstances, North America's newspapers have aided both existing and new newspapers and journalists in Colombia, Panama, Nicaragua, Poland, Czechoslovakia, Hungary, South Africa, the Soviet Union and the Baltic states—and all that is in addition to our continuing friendship and interest in newspapers throughout Latin America, the Pacific rim, Africa and the rest of Europe.

We can only imagine where these internal and external events will lead. But we know they will lead nowhere good unless free societies have strong, economically sound, politically independent newspapers as their voices. Unprecedented progress was made toward that great goal during the past 12 months.

Later this month I will be pleased and proud to hand the ANPA gavel to Lloyd Schermer. His foresight, wise counsel and warm friendship have made my job pure pleasure. Our Association will thrive with his leadership. So now it's time to say thanks to everyone in the extended ANPA family—officers, directors, staff and members—for your support and for the privilege of serving as your chairman.

Bill Cowles

William H. Cowles 3rd
ANPA Chairman

More newsprint firms announce plans to raise prices

Most newsprint manufacturers have followed Abitibi-Price Inc. in announcing increases in the list price of newsprint effective June 1. But newspaper executives and newspaper analysts doubt the higher prices will stick.

The Eastern U.S. price will rise by $35 a metric ton to $685, the same price announced by Abitibi-Price [**presstime**, March 1990, p. 59]. The price to customers in eastern Canada is slated to rise by $40 (Canadian) to $790.

A West Coast company, Fletcher Challenge Canada Ltd., said it will increase its price by $31.50 to $630. Its price for customers in western Canada would rise $35 (Canadian) to $720 per metric ton.

Another West Coast firm, MacMillan Bloedel Ltd., will reach the same price level as Fletcher by retaining its $630 base price but eliminating a discount of 5 percent, or $31.50.

The paper companies have said they need to raise prices because of serious declines in income.

However, Homer E. Taylor Jr., vice president/supply of Knight-Ridder Inc., sent a letter to newsprint suppliers, calling the action "ridiculous."

"With consumption and operating rates dropping and supply increasing and discounts increasing, it just doesn't make any sense," he said.

Taylor said Abitibi-Price might have wrongly assumed that a recent increase in newspapers' newsprint purchases signaled a trend toward greater consumption. He said companies have been stocking up in anticipation of possible labor problems this year at Canadian newsprint mills. (See story, this page.)

William Hee, purchasing manager for Gannett Supply Corp., also expressed skepticism about the announced price increases. "We don't think it's the right time," he said. "It's not based on supply and demand. There is plenty of paper around."

Analyst George B. Adler of Smith Barney, Harris Upham & Co. called the new round of price hikes "wishful thinking" by newsprint manufacturers. "There's too much newsprint capacity," he said.

Newsprint suppliers have not raised prices since January 1988, when the standard per-metric-ton price went from $610 to $650. However, most buyers have been able to obtain hefty discounts that in many cases resulted in net prices even below that previous list price. ☐

Financial report of paper companies, 1989 vs. 1988

Net income (in thousands of dollars)

	1989	1988	% Change
Abitibi-Price Inc.	$ 54,200	$191,100(a)	-71.6
Boise Cascade Corp.	267,580	289,120	-7.5
Bowater Inc.	144,569	164,317	-12.0
Canadian Pacific Forest Products Ltd.	220,100	323,400	-31.9
Domtar Inc.	33,000(b)	111,000(b)	-70.3
Donohue Inc.	44,250	68,691	-35.6
Fletcher Challenge Canada Ltd.	120,000	180,200	-33.4
Great Northern Nekoosa Corp.	321,100	341,700	-6.0
Kimberly-Clark Corp.	423,800	378,600	+ 11.9
MacMillan Bloedel Ltd.	246,700	329,800	-25.2
Weyerhaeuser Co.	341,071(c)	565,590	-39.7

(a) including extraordinary gain

(b) including income from discontinued operations

(c) including extraordinary loss

Many labor contracts will expire this month

Labor contracts involving the major unions representing pulp and paper workers will expire at most eastern Canadian newsprint mills this year.

These mills account for about 7.8-million metric tons of newsprint—about 78 percent of total Canadian capacity. Most contracts expire April 30.

The Canadian Paperworkers Union said job security is its top priority for negotiations this year. It also will seek wage increases of 8 percent annually, or a minimum hike of $1.50 an hour; plus cost-of-living adjustments in a two-year contract. The union by late March had not selected a target company for its contract demands.

In the United States, contracts will expire this year at four mills that account for about 20 percent of U.S. capacity.

In other recent labor developments affecting the newsprint industry:

- A five-year contract was ratified between the United Paperworkers International Union and Champion International Corp. at the company's Lufkin, Texas, mill. The contract expired June 30, 1989. Details of the new contract were not available at press time [**presstime**, Oct. 1989, p.53].
- UPIU members ratified a three-year extension to a contract that was due to expire Feb. 15, 1992, at Boise Cascade's DeRidder, La., mill.. The extension calls for a 2.5-percent increase in the first year and 3-percent increases in the second and third years.
- A four-year contract was ratified between the UPIU and Stone Container Corp. at the company's Snowflake, Ariz., mill. The previous contract expired Feb. 28. The new agreement provides for $900 plus a ratification bonus in the first year, 2.5 percent in the second, $1,175 in the third and 2.5 percent in the fourth.
- Negotiations continue between the UPIU and two mills where contracts expired last year: Champion International Corp. in Sheldon, Texas, and Golden State Newsprint Co. in Pomona, Calif.
- The White House appointed an emergency board to address health-care costs that are the subject of contract talks between railroads and 13 rail unions. The emergency board is scheduled to finish its work in September. Railroads are used heavily in the delivery of newsprint and other goods to newspapers. ☐

NEWSPRINT NOTES

- Bowater Inc. has approved construction of a **$75-million de-inking plant** at its Calhoun, Tenn., mill. It will allow the mill to produce about 236,000 metric tons of recycled newsprint annually. Construction is scheduled to start in July, with production expected to start in December 1991.

- Stone-Consolidated Inc. announced it intends to provide **recycled-fiber newsprint** in Canada by the end of 1991.

Stone-Consolidated currently produces virgin-fiber newsprint at Grand'Mere, La Baie, Shawinigan and Trois-Rivieres, Quebec. It uses recycled fiber to manufacture newsprint at its Snowflake, Ariz., and Ellesmere Port, United Kingdom, newsprint mills.

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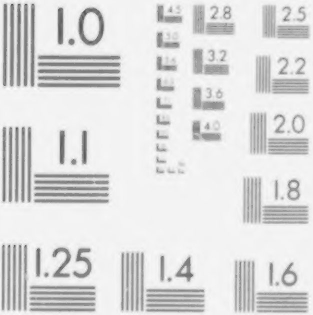
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CHAIRMAN'S CORNER

A theme for the year: freedom AND the press

In thinking about a theme for ANPA's coming year, I've come back again and again to a simple phrase:

Freedom AND the press.

I choose to emphasize the "and" because "freedom and the press" says everything "freedom OF the press" says, but it says something more.

It says that the democracies being born in Eastern Europe, the Soviet Union, Nicaragua and elsewhere in the world are inseparable from a free press.

Lloyd G. Schermer

As country after country throws off the yoke of oppression, the first thing demanded by the people is a free press.

The world has relearned a precious lesson this past year: There is no freedom without a free press and there is no free press without freedom.

Thus, we newspaper people play a special role for those who seek freedom and opportunity.

We speak with many voices. We can lay claim to outstanding, mediocre and even poor reporting. We are accused of arrogance, ignorance and excellence.

Yet, it is in the pluralism of our views that lies our greatest strength. A free press is strong, precisely because it reflects a free people, and that is part of our American heritage.

Something else is part of that heritage, too. It's our obligation to keep our newspapers free.

We will continue to deserve that trust only as long as we remain both financially and politically independent and as long as we fulfill both our fiscal and social responsibilities.

The clamor for self-determination, for autonomy, for choice isn't just restricted to other continents. It's alive and well right here. We hear its echoes among our readers and advertisers all demanding greater freedom to choose and control their sources of information and entertainment.

Because of government deregulation, burgeoning technology and changing lifestyles, information seekers now have more choices than at any time in history. This trend lends new urgency and new meaning to ANPA's mission statement:

"To advance the cause of a free press, and to ensure that it has the economic strength essential to serve the American people."

ANPA will continue to carry out its mission and stand guard for freedom and the press in this new, exciting age.

Lloyd Schermer

Lloyd G. Schermer
ANPA Chairman

presstime

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Convention Report *ANPA's 104th annual Convention in Los Angeles drew speakers from the highest levels of government, from the television and entertainment industries, and, of course, from newspaper publishing. Throughout the three days, the focus was on the future as newspaper executives turned their attention to the issues that will challenge the industry in the closing years of the 20th century: circulation and readership, competitive threats, customer service, literacy, and the shifting demographics that are transforming the workforce.* **30**

Seal of approval *Some journalism and mass communications schools are feeling pinched by tighter accrediting standards.* **8**

Making up *There's a new way of settling disputes between newspapers and readers. Unlike a courtroom battle, this method is quick and inexpensive.* **14**

May I help you? *For years the newspaper industry talked about giving good customer service. Now it's being done—in every department.* **16**

So long, welcome back *Unlike a generation ago, former employees can come home again to newspapers they once spurned.* **22**

Profile: Donna M. Donovan *The Burlington (Vt.) Free Press publisher juggles motherhood and newspapering mainly with aplomb, sometimes in a panic.* **26**

Essay: Third-class socialism *Stanley E. Cohen says mail advertising should stop clinging to privileged postal rates and join the free marketplace.* **28**

On hold *To the concern of the newspaper industry, a U.S. District Court has been ordered to reconsider the electronic publishing ban against the 'baby' Bells.* **64**

Spare change *The price of a daily newspaper remains at 25 cents in many cities, but the trend toward 35 cents or more is accelerating.* **68**

Recycling goals *ANPA's new policy statement, announced on Earth Day, urges newspapers to double their consumption of recycled newsprint.* **80**

Showtime *Las Vegas gets glitzier June 16-20 when an array of electronic wizardry—from the pre-press arena to the mailroom—arrives for ANPA/TEC.* **82**

Facing facts *Data compiled for ANPA's annual statistical booklet are far from encouraging, but bright spots include a surge in Sunday circulation.* **90**

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Rate-case issues studied

With hearings on the new postal rate case scheduled to begin June 5 before the Postal Rate Commission, the newspaper business is continuing to fine-tune its position.

As in some previous rate battles, ANPA will emphasize that proposed third-class rates are too low, discriminatory and do not contribute their fair share to the U.S. Postal Service's overhead costs.

A major concern is that the lowest proposed third-class rate is unfairly priced compared to other mailings—just 9.1 cents per piece, less than one-third of the proposed first-class price of 30 cents [**presstime**, April 1990, p. 54].

In devising the Association's position, the ANPA Postal Committee, staff and consultants have been grappling with some of the diverse issues affecting third- and second-class deliveries.

For example, the Postal Service **proposal for third-class** includes these new features:

- A distinction between letter-size mail and "flats"—the term given to items such as shared mail, in which two or more ad circulars are united into one mail piece. USPS thus acknowledges that its costs are different for handling the two categories, a position ANPA has maintained in the past.
- Rate categories for "saturation" mail. This term, undefined in the rate case, is believed to refer to at least 75 percent of all stops on a postal route, including businesses, or 90 percent of all households.

If those percentages were to become actual penetration thresholds for new saturation rates, newspapers would be effectively barred from taking advantage of those rates for delivery of their total-market-coverage publications. Assuming a newspaper's paid household penetration is in the 60-percent range, its TMC penetration would be a maximum of 40 percent, which would be far short of qualifying for the lowest rate.

In fact, under such a scenario, in order to qualify for the saturation rate, a newspaper's paid household penetration could not exceed 10 percent.

The USPS proposal also would retain the "weight break" at 3.36 ounces for third-class mail. That is, pieces that weigh no more than 3.36 ounces will continue to be charged by the piece, and pieces over that weight will be charged by the pound. (The accompanying chart shows per-piece rates.)

In the **second-class category,** the Postal Service proposal includes these new features:

- Zone rates for a publication's editorial matter. The rates would join the existing zone-rate structure for advertising matter, by which publications pay more for second-class mailings according to distance.
- A per-pound discount for mail entered into the mailstream at the "sectional center facility," or regional post office, and elimination of a per-piece discount
- A discount for carrier-route-presorted mail entered at the local post office, and new saturation discounts that presumably fall under the same criteria as saturation discounts for third-class.

Saturation discounts for both third- and second-class are tied to route walk-sequencing requirements. USPS is preparing computer programs that will aid newspapers and other users in sorting their mailing lists according to each carrier's walk sequence. Although the programs are scheduled to be released in October, some newspaper executives doubt they will be ready in time for implementation of new rates, which could occur by early February 1991.

Also in April, ANPA Postal Committee Vice Chairman Stephen B. Waters testified before Congress in support of a portion of a bill that gives the Postal Rate Commission subpoena power over the Postal Service. The bill also would hold USPS more accountable for claims about revenue requirements in the rate case. Waters, vice president and general manager of The Rome (N.Y.) Sentinel Co., said USPS in the past has not provided sufficient data upon which to base rate decisions.

The bill, HR 4159, is sponsored by Rep. Frank McCloskey (D-Ind.), chairman of the House Subcommittee on Postal Operations and Services. It would require USPS to supply data to the Postal Rate Commission that currently are unavailable. ☐

Selected USPS rate proposals (cents per piece)

Third-class

	Current	Proposed							
		CR/SCF	%change	CR/SCF	%change	CR/SCF	%change	CR/SCF	%change
Flat (3.36 oz. or less)	10.1	11.7	15.8	11.2	10.9	9.6	-5.0	9.1	-9.9
Letter (3.36 oz. or less)	10.1	10.6	5.0	10.1	0	9.6	-5.0	9.1	-9.9
5 oz.	15	16.4	9.3	15.6	4.0	14.3	-4.7	13.5	-10.0
6 oz.	18	19.2	6.7	18.3	1.7	17.1	-5.0	16.2	-10.0

Second-class (75% advertising content)

	Current	Proposed					
In-county		CR	%change	CR/DO	%change	CR/SAT/DO	%change
7 oz.	7.31	9.33	27.52	8.45	15.56	6.45	-11.79
8 oz.	7.90	10.10	27.85	9.10	15.19	7.10	-10.13
10 oz.	9.08	11.65	28.37	10.40	14.60	8.40	-7.44
Out-of-county		CR	%change	CR/DO	%change	CR/SAT/DO	%change
7 oz.	14.67	17.06	16.21	16.17	10.25	14.17	-3.39
8 oz.	15.64	17.96	14.87	16.96	8.47	14.96	-4.32
10 oz.	17.57	19.79	12.63	18.54	5.51	16.54	-5.87

■ Zones 1 and 2 with SCF discount

Explanation of terms:

- CR: Mail presorted to the carrier-route level.
- SCF: Mail submitted to USPS at the nearest "sectional center facility," or regional post office.
- DO: Mail submitted to USPS at the "delivery office," or local post office.
- SAT: "Saturation" mail, undefined in the rate case but believed to refer to mail delivered to at least 75 percent of all stops on a route or 90 percent of residences.
- Flat: A mail piece of relatively large, flat materials. Examples are third-class shared mail, in which two or more preprints are united into one mail piece.

(Compiled by **presstime** with assistance of postal specialists at ANPA and the National Newspaper Association)

Slower delivery proposed

Publishers worried about plans to slow down some first-class mail delivery have until May 31 to register their concerns with the U.S. Postal Service, which on June 30 will convert some overnight first-class mail to two- or three-day delivery to make service more "consistent." Plans for each delivery area are on file at division post offices.

Some publishers have expressed concern that the slower first-class mail might have an adverse impact on their billing and incoming payments. Also of concern to some publishers is the possibility the program could result in delays in delivery of newspapers traveling via second-class mail. ☐

Fewer than half of the dailies now sell for 25¢

For the ninth straight year, the predominant price for daily newspapers remained 25 cents in 1989, but the trend toward papers costing 35 cents or more accelerated, according to ANPA's annual survey of single-copy, city-zone, street-sale prices.

Sunday editions priced at 75 cents also continued to predominate, although 1989 saw additional growth among those selling for $1 or more.

The survey included 1,742 newspapers in the United States, Canada, American Samoa, the Bahamas, Bermuda, Guam, Puerto Rico and the Virgin Islands.

It showed that 776 (44.5 percent) of the dailies cost a quarter, compared with 897 (58.9 percent), a year earlier [**presstime**, April 1989, p. 72].

Increasing last year were the number of 35-cent newspapers (from 578 to 688), 40-cent papers (from 39 to 50) and 50-cent papers (from 69 to 92).

Newspapers selling for 15 cents decreased (from 12 to 10), as well as those selling for 20 cents (from 25 to 16) and 30 cents (from 136 to 103).

Newspaper price rise equals the CPI

Between January 1989 and January 1990, the average price of a newspaper rose 4.4 percent, paralleling the increase of the consumer price index, according to the U.S. Department of Labor's Department of Labor Statistics.

The previous year, the average price of a newspaper increased 5 percent and the CPI 4.7 percent [**presstime**, April 1989, p. 72].

The only daily paper that in 1988 sold weekday copies for a dime, the Leesburg (Fla.) Daily Commercial, increased its price to 25 cents.

Of the 858 Sunday papers in the survey, 262 (30.5 per cent), cost 75 cents. This represented a slight decrease from 1988 when 271 Sunday newspapers (32 per cent) were at that price.

Last year, the Sunday papers selling for $1 increased from 201 to 220, while those priced at $1.25 increased from 72 to 100. As recently as 1985, there was one $1.25-a-copy Sunday edition—The New York Times.

The number of 50-cent Sunday papers dropped last year from 213 to 197. The ranks of Sunday papers selling for less than 50 cents also declined last year, from 79 to 65.

Also of note: The Boston Globe last year became the first newspaper in the survey to charge $1.50 for its Sunday edition. □

Price per single copy of Sunday newspapers—1989

	25 cents	35 cents	50 cents	75 cents	$1.00	$1.25	Total[1]
Alabama	2	--	4	10	4	--	20
Alaska	--	--	2	--	1	1	4
Arizona	--	--	1	2	7	1	11
Arkansas	2	2	13	--	--	--	17
California	3	--	23	23	18	--	67
Colorado	--	--	3	6	1	--	10
Connecticut	--	--	--	2	4	4	11
Delaware	--	--	--	1	--	1	2
District of Columbia	--	--	--	--	--	1	1
Florida	--	1	18	9	4	3	35
Georgia	--	--	1	11	4	1	17
Hawaii	--	1	1	2	--	1	5
Idaho	1	--	3	33	2	1	40
Illinois	--	1	2	6	13	4	27
Indiana	--	--	--	4	10	6	20
Iowa	1	--	--	3	1	6	11
Kansas	--	--	11	3	2	1	17
Kentucky	--	--	2	3	4	2	12
Louisiana	2	--	7	9	2	1	21
Maine	--	--	--	--	2	--	2
Maryland	--	--	1	2	2	1	6
Massachusetts	--	--	--	--	5	5	12
Michigan	--	--	2	11	3	2	18
Minnesota	1	--	3	3	4	1	13
Mississippi	1	--	--	7	5	2	15
Missouri	3	--	4	7	2	2	19
Montana	--	--	--	3	3	1	7
Nebraska	--	1	3	1	1	1	7
Nevada	--	--	--	1	2	--	3
New Hampshire	--	--	--	1	3	--	4
New Jersey	1	1	4	6	5	--	17
New Mexico	--	1	4	3	5	--	13
New York	--	--	2	7	5	22	36
North Carolina	--	--	7	14	8	1	30
North Dakota	--	--	2	1	1	3	7
Ohio	1	--	3	13	14	2	35
Oklahoma	9	1	17	9	2	--	39
Oregon	--	1	--	6	3	--	10
Pennsylvania	--	--	5	9	12	1	29
Rhode Island	--	1	--	1	--	1	3
South Carolina	--	--	2	6	5	--	13
South Dakota	--	--	1	--	1	2	4
Tennessee	1	--	3	1	7	4	16
Texas	15	4	25	31	13	1	89
Utah	--	--	--	2	4	--	6
Vermont	--	--	--	--	2	1	3
Virginia	--	--	4	5	7	--	16
Washington	--	--	2	4	6	3	15
West Virginia	--	--	1	4	3	1	10
Wisconsin	--	--	1	1	5	8	15
Wyoming	--	--	3	--	1	--	4
Totals							
U.S.	43	15	190	256	218	99	834[1]
Canada	--	1	6	3	2	1	20
American Samoa	--	--	--	--	--	--	0
Bahamas	--	--	--	--	--	--	0
Bermuda	--	--	--	--	--	--	0
Guam	--	--	--	1	--	--	1
Puerto Rico	--	--	1	2	--	--	3
Virgin Islands	--	--	--	--	--	--	0
Grand Totals	43	16	197	262	220	100	858[1]

---

[1] Includes newspapers selling for 30 cents (one in Minnesota), 40 cents (one each in Illinois, Kentucky and Missouri, and two in Canada), 55 cents (one in Canada), 60 cents (two in Ohio and three in Canada), 65 cents (one in Oklahoma), 85 cents (one each in Connecticut, Pennsylvania and West Virginia), 90 cents (one each in Massachusetts, Pennsylvania and Canada), and $1.50 (one in Massachusetts).

Price per single copy of daily newspapers—1989

	15 cents	20 cents	25 cents	30 cents	35 cents	40 cents	50 cents	Total[1]
Alabama	--	2	22	--	--	--	3	27
Alaska	--	--	3	--	2	--	3	8
Arizona	1	--	1	--	15	--	2	19
Arkansas	--	--	23	--	9	--	--	32
California	--	--	104	2	11	--	5	122
Colorado	--	1	20	--	4	--	--	25
Connecticut	--	--	1	5	14	2	1	23
Delaware	--	--	--	--	2	--	--	2
District of Columbia	--	--	2	--	--	--	1	3
Florida	--	--	38	--	7	--	--	45
Georgia	--	--	32	--	2	--	1	35
Hawaii	--	--	1	--	5	--	--	6
Idaho	--	--	4	--	7	--	1	12
Illinois	--	2	17	7	42	1	2	71
Indiana	--	--	22	6	44	--	1	73
Iowa	--	--	4	1	25	2	5	37
Kansas	2	3	30	1	10	--	--	46
Kentucky	--	--	4	--	17	--	2	23
Louisiana	--	--	15	1	11	--	1	28
Maine	--	--	--	--	7	1	--	8
Maryland	--	--	10	1	4	--	--	15
Massachusetts	--	--	7	8	24	1	1	41
Michigan	--	--	18	5	29	--	--	52
Minnesota	--	--	1	1	21	--	2	25
Mississippi	--	1	12	1	4	--	4	22
Missouri	--	1	25	1	20	--	--	47
Montana	--	--	--	--	10	--	1	11
Nebraska	--	--	10	--	10	--	--	20
Nevada	--	--	6	--	2	--	--	8
New Hampshire	--	--	--	5	3	1	--	9
New Jersey	1	--	14	1	6	--	--	22
New Mexico	--	1	12	--	6	--	--	19
New York	--	--	4	11	50	3	3	71
North Carolina	2	1	47	1	3	--	--	54
North Dakota	--	--	--	--	8	--	2	10
Ohio	--	1	28	12	41	--	4	86
Oklahoma	--	--	33	--	14	--	1	48
Oregon	--	--	5	--	14	--	--	19
Pennsylvania	2	--	21	22	48	--	--	93
Rhode Island	--	--	--	--	7	--	--	7
South Carolina	--	--	14	--	--	--	3	17
South Dakota	--	--	9	1	--	4	--	14
Tennessee	--	--	13	--	15	--	--	28
Texas	--	--	81	1	15	--	1	98
Utah	--	--	--	--	3	--	3	6
Vermont	--	--	--	2	6	--	--	8
Virginia	--	--	27	--	6	--	--	33
Washington	--	--	6	--	13	--	6	25
West Virginia	1	1	10	2	9	--	--	23
Wisconsin	--	--	3	1	27	--	5	36
Wyoming	--	1	8	--	1	--	--	10
Totals								
U.S.	9	15	767	99	653	15	64	1,622
Canada	1	1	6	2	34	32	28	111[1]
American Samoa	--	--	--	--	1	--	--	1
Bahamas	--	--	--	1	--	--	--	1
Bermuda	--	--	--	--	--	1	--	1
Guam	--	--	--	--	--	1	--	1
Puerto Rico	--	--	3	1	--	--	--	4
Virgin Islands	--	--	--	--	--	1	--	1
Grand Totals	10	16	776	103	688	50	92	1,742[1]

---

[1] Includes seven newspapers selling for 45 cents (all in Canada)

'Vacation Pak' brings them back

For one week each year in Owensboro, Ky., when about 400 people leave town for vacation during a school break in April, the local daily newspaper's circulation would dive.

And when the subscribers returned, only about half of them would bother to restart the paper.

This highly concentrated circulation drop can be devastating for a small paper like Owensboro's Messenger-Inquirer, said Circulation Manager Barry L. Carden.

In an effort to stanch the drain, the 32,061-circulation morning daily two years ago started a "Vacation Pak" or "Vac Pak" program in which, for the regular subscription, it would save the subscribers' papers and hand them over when the vacationers returned. Results were disappointing. Only 76 participated last year, with 300 more canceling before they left Owensboro.

But the Messenger-Inquirer didn't give up. Instead it went all-out this year to improve the program, and it worked. Vac Pak turned the corner, Carden said.

Among the changes the week's subscription price was reduced by half to $1.07, and subscribers received—in addition to the newspaper—a daily one-page news summary highlighting each paper for time-pressured readers.

This year 362 subscribers signed up for the plan, each receiving a special "Vac Pak" canvas bag as a gift.

Carden thinks the news summary was the key to "Vac Pak," as it enabled subscribers to pick and choose what they wanted of the week's worth of papers.

Carden said the offer will be extended to those subscribers who take their vacations at other times. ☐

Jude Bartholomy, Messenger-Inquirer

Cecilia Payne of the Messenger-Inquirer displays items that lured back subscribers.

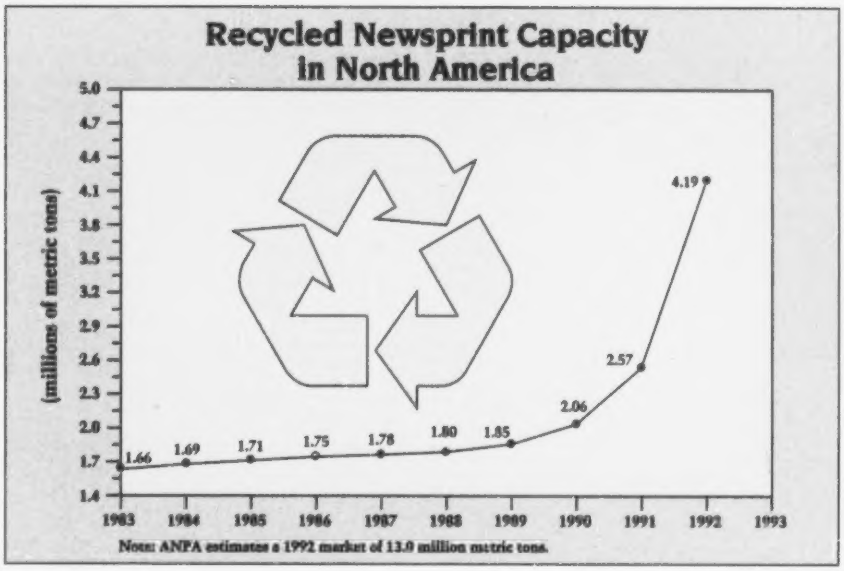
ANPA sets recycled newsprint goal

Now that paper manufacturers have committed to at least double their production of recycled newsprint over the next two years, the ANPA Board of Directors is urging newspapers to increase their use of recycled newsprint in the same period from the current average of 14 percent of total consumption to 28 percent.

The Board approved the goal at its meeting April 21 in Los Angeles and announced it on April 22, the 20th anniversary of Earth Day.

Since last September, when ANPA asked newspapers to increase their use of recycled newsprint and to ask their suppliers to produce more, paper producers have responded.

Current North American capacity for recycled newsprint production is about 2.06-million metric tons a year. By 1992, manufacturers plan to produce at least 4.19-million metric tons of it. (See chart.)



Note: ANPA estimates a 1992 market of 13.0 million metric tons.

ANPA's new policy on newsprint recycling states:

"In September 1989, ANPA urged newspapers to increase their use of recycled newsprint and to ask their suppliers to make more. Used newspapers are already recycled at a 35-percent rate into newsprint and other products. Our goal is to increase that rate by encouraging more recycled newsprint production.

"Newspapers across the country have taken those actions. The newsprint industry in the United States and Canada has responded. Six paper companies have committed to new recycled newsprint production, and 23 others have projects under way that will depend upon financing and a continued supply of used newspapers.

"ANPA now urges its members to make firm commitments to use this new supply whenever possible. With continued effort, the newspaper business should be able to double its consumption of recycled newsprint from the current 14 percent to 28 percent of the total by 1992.

"ANPA also urges state and federal governments to do their part. They should continue to develop community collection programs so that paper companies and other users of used newspapers will have a clean and usable supply of material. They should also provide reliable data concerning the amount of paper available for use.

"We believe that with these concerted efforts, the temporary excess of used newspapers seen in North America in 1989 and early 1990 will disappear and newspaper recycling will continue to grow."

Voluntary action by newspapers to use more recycled newsprint is seen by industry leaders as the best strategy to avoid government control of newsprint markets through legislation. Two states have recently taken such action.

In Wisconsin, Gov. Tommy G. Thompson said he would sign a recycling bill April 27 with a few line item vetoes that affect newspapers. The bill mandates that newspapers' use of recycled newsprint increase from 10 percent in 1992 (instead of 1991) to 45 percent in 2001. It will also set a penalty for non-compliance of 1 percent (instead of 10 percent) of the cost of the paper that falls short of the requirements. A two-thirds vote is needed to override a veto.

In Maryland, the General Assembly passed a newsprint-recycling bill in April that is a watered-down version of legislation the House of Delegates had approved a month earlier. The bill is awaiting Gov. William Donald Schaefer's signature.

In a compromise with publishers, the legislature approved amendments that would require newspapers to use recycled newsprint for a minimum of 12 percent of total consumption in 1992-93, and 20 percent thereafter. The original targets were 12 percent in 1992, rising to 40 percent in 1998 [**presstime**, April 1990, p. 76]. ☐

NEWSPRINT NOTES

- The Canadian Paperworkers Union Local 601 **struck Rothesay Paper Ltd.'s St. John, New Brunswick, newsprint mill** April 10, but the company used supervisors to continue operations. The mill's labor contract expired Dec. 31, and the company's latest offer was rejected.

CPU also represents Local 907 at the same mill. Its members are barred from entering the mill by pickets. The contract for Local 907 expires June 30, 1991.

In the United States, negotiations continue between the United Paperworkers International Union and two mills where contracts expired last year: Champion International Corp. of Sheldon, Texas, and Golden State Newsprint Co. of Pomona, Calif. [**presstime**, April 1990, p. 77].

- Jefferson Smurfit Group plc agreed to acquire **Golden State Newsprint Co.** from Giant Group Ltd. for $95 million, plus $25 million later if Jefferson Smurfit decides to expand the mill within several years.

Giant Group subsidiary Barris Industries Inc. acquired the mill from Media General Inc. last year.

Golden State began a feasibility study last year on adding a second recycled newsprint machine with annual capacity of 222,000 metric tons.

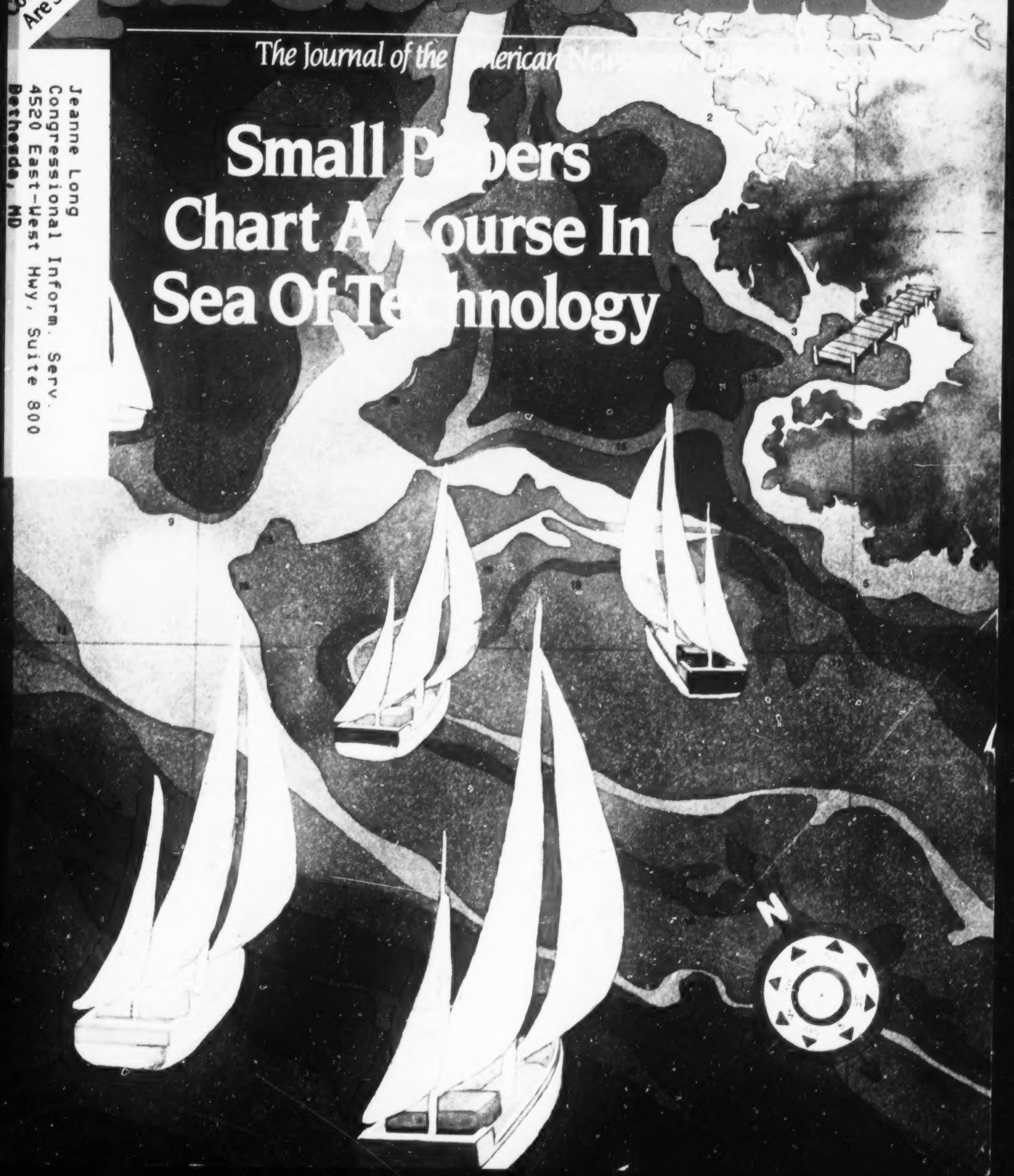
Cooled-Off Classified Ads Are Seeking To Rebound

presstime

The Journal of the American

Jeanne Long
Congressional Inform. Serv.
4520 East-West Hwy, Suite 800
Bethesda, MD

Small Papers Chart A Course In Sea Of Technology



presstime

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Special Report *Since the 1950s small newspapers with less than 50,000 circulation have helped to shape and were shaped by new technology as they moved to cold type and offset printing. Today, this progressive attitude toward experimentation is occurring primarily in the prepress area. For example, papers of this size were the first to use personal computers for production purposes. While a few small operations still remain relatively untouched by new processes, most publishers say the constant introduction of high-tech equipment is key to their success.* **36**

Classified action *After nearly a decade of double-digit growth, classified advertising is on the sick list. But some see a recovery by 1991.* **6**

Opening the walls *For years Wal-Mart stores generally spurned newspaper advertising. Now that is changing in some locations.* **14**

Dial 9-0-0 *Want puzzle answers? Bond rates? A dozen newspapers are experimenting with the pay-per-call services, and even more are in the wings.* **24**

Now hear this! *Some of their comments and complaints might be mundane, but readers deserve to have a sympathetic ear at the newspaper.* **46**

Enlivened obits *There are subtle changes occurring on the obit pages, including an effort to highlight some people who had no special prominence.* **46**

Profile: Daniel F. Persiani *This Pittsburgh Press Co. employee is the epitome of the new newspaper cadre of data-processing professionals.* **50**

Essay: Why so much gloom? *Even during this period of lackluster advertising performance, there are strong reasons to remain confident, says Leo Bogart.* **52**

Documenting diversification *ANPA's second survey on newspaper employment of minorities and women shows a positive, albeit modest, trend.* **64**

ANPA/TEC '90 preview *This program and list of exhibitors will help guide you at this month's Technical Exposition and Conference in Las Vegas.* **82**

Slow spending *Overall, the annual survey on newspapers' 1989 and 1990 capital expenditures shows a slight decline. But some categories are booming.* **99**

Clearing the air *The smoke-filled newsroom and business office are becoming relics of history as states and newspapers impose smoking restrictions.* **102**

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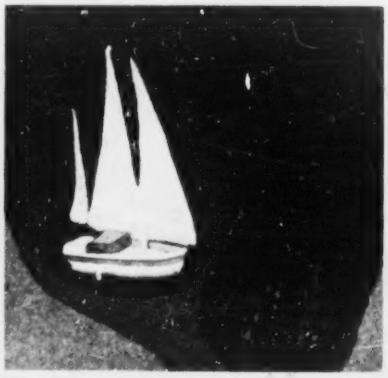

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CHAIRMAN'S CORNER

Newspapers' strengths can serve as foundation for bright future

Now that the 104th annual Convention of ANPA has been concluded, I've had an opportunity to reflect on its outstanding programs. Thanks to Bob Erburu, his talented Times Mirror team and ANPA's excellent arrangements committee, this Convention was one of the best.

Unfortunately, the Convention fell close to soft earnings reports of many public media companies. This, coupled with Convention reports on declining circulation and readership, postal rate increases, concern about structural changes among advertisers, recycled newsprint legislation, and the onslaught of the telephone companies, make the atmosphere a bit gloomy for some.

Lloyd G. Schermer

I believe many in our industry are now undergoing a transition in their thinking about newspapers and our role as it appears to be evolving. I happen to be very optimistic about the future—so long as we make some significant changes in our attitudes and ways of doing business. We need to define our new role.

A newspaper has been and will continue to be a print gateway. For example, we are a gateway to television programming with our TV listings. We are a gateway to products and services advertised by our advertisers. We are a gateway to information about how our local governments are being run. The list goes on and on.

We are just now beginning to perceive how a newspaper serving as a gateway can use telephones for facsimile and other information services.

The gateway concept can be coupled with the fact that we are the only organization in our communities that reaches most of the occupied dwelling units with an inexpensive package of printed information updated every 24 hours. These two strengths appear to me to be a platform upon which we can build, using technological innovations, an exciting future.

If your newspaper's penetration is slipping, read that great report presented at the Convention by our Readership and Circulation Assessment Team, "A Way to Win: Strategies to Evaluate and Improve Your Readership and Circulation."

Then put it to work, not in your drawer.

Problems are the reverse side of opportunities. You've heard the other way of saying the same thing, "Necessity is the mother of invention." Might not necessity now be motivating us to build on our basic strengths in new and different ways?

That was the underlying message of the 104th Convention of ANPA.

Lloyd G Schermer

Lloyd G. Schermer
ANPA Chairman

'YOU HAVE TO BE CREATIVE'

Classified Advertising

LOOKING FOR A REBOUND BY 1991

BY ROLF RYKKEN
presstime staff writer

Jerry Rhea leans back in his chair in Bellingham, Wash., relieved that he is not on the opposite coast.

Rhea is enjoying heady times as advertising director of The Bellingham Record, with some of the classified categories up as much as 27 percent in linage compared with the same period a year ago. He knows that most papers in New England are being ravaged by a slump in classified advertising, and he can empathize.

"I've been here since 1969, and I've been through the peaks and valleys," Rhea says. "It is an exciting time (now), and it sure beats the heck out of being down."

Such is the cyclical and regional world of newspaper classified advertising.

After growing an average of 16 percent per year nationally in 1982-88 [**presstime**, Jan. 1990, p. 64], hot classified has cooled.

Last year classified expenditures in U.S. daily newspapers fell behind retail and national advertising in rate of growth, according to the Newspaper Advertising Bureau, with an estimated gain of just 2.8 percent. (See charts, facing page.) For 1990, the projection is for a flat performance.

While industrywide linage is not measured, the Leading National Advertisers research firm reports that full-run newspaper classified linage declined 3.4 percent in 1989 in the 42 markets it studied.

"Classified was growing so much, it was like an elephant, and when (an elephant) rolls over, everybody feels it," says David A. Benoy, classified advertising director of The Patriot Ledger in Quincy, Mass., who this month is expected to be elected president of the Association of Newspaper Classified Advertising Managers.

The decline was not unexpected. As Rhea in the Northwest and Benoy in the Northeast know, the story of classified advertising is that it provides mirrors of the economy, both regional and national.

> *The comeback may not repeat double-digit-growth years of the mid-1980s, newspaper executives say.*

Ansel Adams
Fort Worth Star-Telegram
Classifieds
StarText

Steve Edmond, Fort Worth Star-Telegram

Scott of the Fort Worth Star-Telegram works on the StarText video classified service.

"It's not like 1985," notes Eileen Dyer, classified advertising manager of The Dallas Morning News, referring to the paper's record year in which it published 57 million lines of full-run classified advertising. The paper's classified volume dropped to 46 million lines last year.

But Dyer and other executives whose newspapers are now suffering believe a rebound is on the way, if not later this year then by early '91. The comeback, they caution, may not repeat the double-digit-growth years for linage and revenue of the mid-1980s.

"I think we'll get ourselves back in line to something more reasonable," says John Kimball, vice president/advertising of The Record in Hackensack, N.J., where classified revenues were climbing about 20 percent and linage by 15 percent annually just three years ago. "I'd be happy if we get a 1-percent volume growth."

Says Jerome S. Tilis, vice president/marketing of Knight-Ridder Inc., "This current slowdown is almost beneficial. Now we can resume a more planned and methodical approach (to classified). Before, business was springing up, and now *we* have to grow the business."

Newspaper classified departments are fighting not only a roiling economy in many areas but also an ever-increasing number of competitors such as free publications and electronic publishers.

These forces have pushed newspapers to experiment. They are putting out special "niche market" publications. They're offering major discounts for frequent orders of classified display advertising as well as free accompanying photos. They're creating new classified categories. And they're redesigning the classified pages to make them more alluring.

Several papers have heavily promoted major classified display advertisers such as home builders and auto dealers through in-paper ads and contests in the hope of attracting more business.

Other efforts are even more far-reaching.

Newspapers' electronic applications of classified advertising—computer-to-computer remote entry, voice mailboxes, audiotex and videotex, and even the running of classifieds on cable television—are now in their embryronic stages. In themselves these services are seen as

Before computerizing in the early 1980s, the Milwaukee papers handled classifieds the old-fashioned way—typing them up and dropping the copy onto a conveyor between the desks.

enhancements, not replacements, of the printed classifieds. Indeed, to place classifieds on any of the handful of newspaper audiotex and videotex services requires purchasing space first in the newspaper, newspaper executives say.

While such services are likely to grow, chiefly as a defensive move against competitors, some newspaper executives question what the benefits are and even whether newspaper customers want them.

Still, they say, it's imperative that newspapers check out every possible avenue toward maintaining and increasing classified-ad sales.

"There is money out there, and you have to be creative to get after it," says C. Dean Welch, classified advertising director of the Atlanta Journal and Constitution and chairman of the ANCAM Telecommunications and Technological Committee.

"It's not gloom and doom," says Knight-Ridder's Tilis about classified, which, after all, still accounted for 38 percent of all ad spending in U.S. dailies last year. "The robust gains in classified will happen again in late 1990 or 1991," he predicts. "We're making millions in classified. . . . It's still an enormous business."

THE ECONOMIC PICTURE. The cooling of classified did not come without warning. In 1987, for instance, Leo Bogart, then the executive vice president of NAB, warned newspaper executives of a coming "pause" in classified's growth [**presstime**, April 1987, p. 22].

The pause that became the slow growth rate of 2.8 percent in 1989 may become even flatter this year, according to Eric D. Anderson, the NAB senior vice president who oversees classified advertising.

In the same vein, Knight-Ridder's Tilis speculates that if there is an increase in classified spending in 1990, it will be a result of higher ad rates, not more volume.

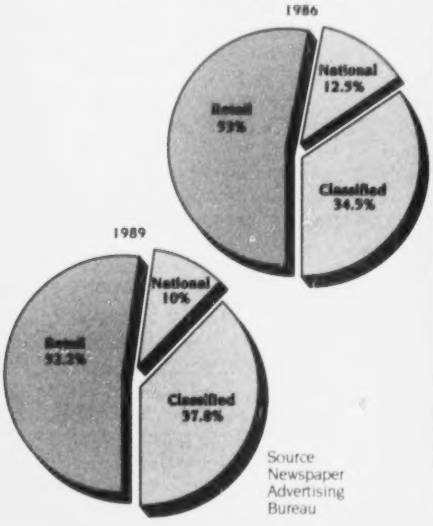
Amid such gloomy projections, ANCAM President Ronald G. Beach, classified advertising director of the San Jose (Calif.) Mercury News, says he believes the industrywide expenditure estimates from NAB, as well as the selected-market linage reports from LNA, are bleaker than reality.

The 700-newspaper-member ANCAM also tracks linage. From the voluntary reporting by about 100 dailies, Beach concludes that classified remains healthier than national and retail. At the ANPA Convention in April he predicted a linage growth of between 1 and 3 percent a year for the next five years, saying that future profits of most newspapers rest on their classified departments "more than it ever has in the past."

Some classified executives like Rhea in Bellingham believe the NAB estimates and the LNA figures show an East Coast bias and thus are skewed by the downward trends in New England and other regions. "They don't tell the whole story," says Rhea. "You've got to look at each region."

THE REGIONAL DIVE. Don Clark, senior vice president for marketing of the Los Angeles Times, calls the economic phenomenon affecting classified a "rolling recession." Clark, who led a panel on the future

Proportion of Expenditures



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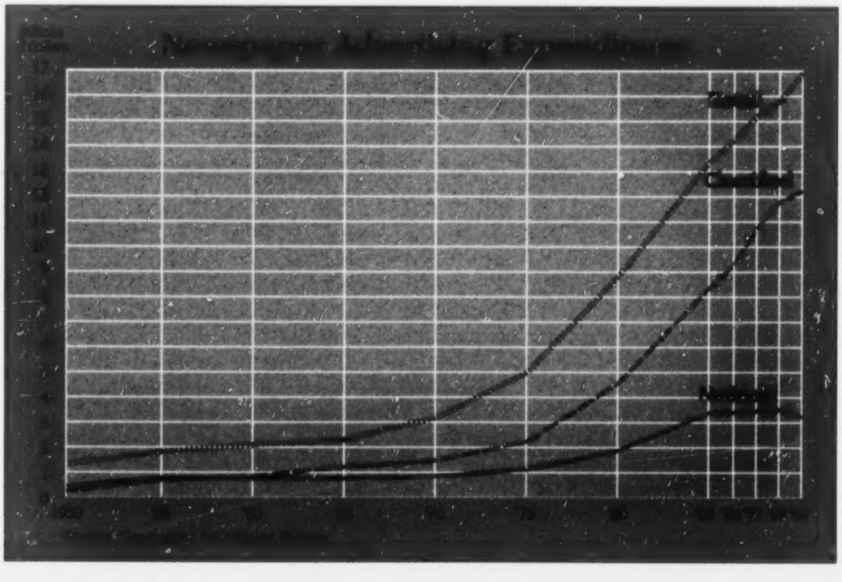

of classified at the ANPA Convention, says in the past decade the wave struck the agricultural states first, then the urbanized Midwest, then the oil states, and now New England and the rest of the Northeast. "It's not that classified is changing," he says, "it's the economy that is changing."

Perhaps the most frustrating aspect of keeping classified healthy is trying to cope with the cyclical nature of the economy, newspaper ad executives say. One type of classified advertising might be up, while another might be down.

When an area's economy is down, "it's hard to hype auto sales or affect the housing market," says The Record's Kimball. "In classified we have million-dollar problems and $12 answers."

In Hackensack, where classified linage dropped 30 percent during the past two years, Kimball says, "We're down, but we may have cycled through a two-year slide in classified." He is projecting small linage gains in the final months of 1990, as do some other newspaper people in similarly affected areas like New England and the Southwest.

Says Dyer in Dallas, "Most economists will tell you that you'll hit bottom and go up from there. . . . You've got to recognize that it will come back and not to give up."

Dyer speaks from the experience of having endured a down cycle that is now turning around. She foresees a classified linage gain at the Morning News of about 2 percent this year.

Some papers are taking solace from the Texas upswing. "Texas had it bad for a long time, and they may be seeing light at the end of the tunnel," says Robert C. Ballentine, advertising director of the Worcester (Mass.) Telegram & Gazette and chairman of the Classified Committee of the International Newspaper Advertising Marketing and Executives association. "I'm optimistic that within a few months we'll level off and trend upward by the end of the year, and we'll be seeing the light at the end of the tunnel."

WHAT TO DO. While the cyclical nature of classified often necessitates some waiting, this does not mean *passive* waiting, newspaper executives say.

"The light you see at the end of the tunnel is the light you turn on. Someone is not going to come and turn the light on for you," observes Ron R. Sellars, classified advertising director of the Houston Chronicle.

Last year the Chronicle enjoyed a full-run linage gain of 4.6 percent—its first growth spurt since 1985.

While the Houston economy began improving in 1988, contributing to increases in real estate and automobile classifieds, the Chronicle also acted to boost linage. "Even in the worst of times we were looking to what we could do to introduce things customers need," Sellars says.

During the past decade, he says, the paper introduced 600 special sections or theme pages aimed at luring advertisers to the classified pages. "You don't get on your knees and say, 'This economy has got me.' Be aggressive," he advises.

Among the special efforts was a Friday section with quarter-page classified display ads for "Used But Not Abused" autos. In addition, the paper now runs wedding announcements in the classified section, a weekly classified directory of church services, and seasonal sections devoted to income tax accountants and recreational vehicle camping sites.

Some newspapers experiment with ideas

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that may not pay off in increased linage but do offer other benefits.

The Baton Rouge Morning Advocate and State-Times ran $30,000 worth of full- and half-page advertising space for a few weeks last year to promote the buying of new cars. No great surge in classified sales resulted, but auto sales increased—providing further proof of the power of newspaper promotion, says Classified Advertising Manager James T. Conner.

The Fort Worth Star-Telegram in April began a $150,000 campaign through its pages and in radio commercials to promote sales of new homes. To heighten interest in its classifieds, the paper is offering a $10,000 prize to the winner of a drawing that can be entered only after visiting a new house advertised for sale in the paper.

"We know the housing market will come back, but we don't want to wait. We want to help it happen," says Jerry Scott, classified advertising manager at the Star-Telegram, where real estate linage was down 12 percent in 1989.

Among the papers trying the new-categories approach to boosting classified is The Victoria (Texas) Advocate, which added categories for travel, adult day care, and lawn and garden services. "These were requests from our customers," says Classified Advertising Manager Sue Gopffarth.

Some papers have gone outside their circulation territory in search of advertisers. The Burlington (Vt.) Free Press has just assigned someone to sell to real estate firms 40 miles from Burlington, while the classified ad manager from the Worcester daily is going even farther—all the way to the high-tech areas of southern California—seeking employment recruitment ads.

Then there is the effort to improve the aesthetics of classified pages, which traditionally have been gray columns of agate.

The NAB Future of Advertising Project's Task Force on Classified Advertising last year offered possible design changes in an effort to enhance reader interest in newspaper classifieds, which research shows already have a readership level of 75 percent.

The Milwaukee Journal and the Milwaukee Sentinel took the cue and in January unveiled new classified sections that followed some of the FOA guidelines, including new graphic symbols for categories, a color lead-in on each classified section front and a larger type size of 6.5 points.

Classified Advertising Manager Harvey A. Schaefer says he initially was cool to the recommendations, then thought better of them after comparing the FOA prototype with the papers' classified sections.

BEYOND PRINT. Avoiding complacency and striving for innovation and creativity are the new rules in classified, newspaper executives say, and some of the most innovative efforts are being done electronically:

- About 25 U.S. dailies are using remote entry for classifieds, whereby a person can enter a classified ad into a personal computer and transmit it directly to the newspaper via telephone line. This feature is rapidly increasing among papers of all circulation sizes, according to Leslie F. Bernhard, president and chief executive officer of The Media Services Group Ltd., whose company, Ad-Star, supplies systems to 22 of the papers. "It took us four years to get to 20 and six months to get another 20 (commitments)," says Bernhard. "It's being accepted

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- In May, the Atlanta Journal and Constitution expanded their "Career Talk" voice information audiotex employment service to accept complete resumes. Before that, job-seekers responding to a classified ad could call a special number and leave abbreviated resumes. The expansion allows for a more complete resume description by having the caller answer recorded questions. The Atlanta papers also provide published classifieds on videotex to 2,000 subscribers with PCs.
- New classifieds are on view on 4,200 PC screens in Fort Worth, 24 hours before they appear in the newspaper, as part of the newspaper's StarText videotex service.
- Eight months ago the Burlington paper added classifieds to the Nynex Info-Look gateway videotex service. The newspaper's offerings of classifieds and other information have attracted between 68 and 272 calls per month, according to Free Press Editor Rod Thornburg.

A number of other papers are actively reviewing the possible application of electronics to classified advertising.

The Houston Chronicle is about two years away from offering classifieds on audiotex and videotex systems, Sellars says, while Knight-Ridder estimates that in about 18 months some kind of videotex service with classified advertising may be offered by its newspapers, initially at the San Jose Mercury News.

"We're trying to work out the basics," says Dan Skudneski, manager of Knight-Ridder's Dialog Information Services Inc. "The biggest thing is to find out whether the marketplace really wants this. We can create the most beautiful information system in the world, but if we're not delivering something the public wants to use, then we haven't done our job."

Although a lot of people harbor some doubts as to the ultimate acceptance of classified advertising in electronic form, newspaper executives recognize the importance of continuing to experiment.

An electronic mailbox for classified never caught on at the Daily News in New York City, but the paper remains interested in the development of electronic applications to the classified department, says James N. Longson, vice president/facilities and systems development, and vice chairman of the ANPA Telecommunications Committee.

Longson says he is particularly intrigued by the StarText classified preview system in Fort Worth. Such a service, he says, "gives a paper a little extra reach in going after readers really hot to buy something and they don't want to wait for the paper. . . . Both the reader and advertiser benefit."

While newspaper executives say the experimental use of electronic information services is a defense against competitors, they note it is also an effort to demonstrate that the newspaper industry is modern-thinking and receptive to new ideas.

Welch believes widespread electronic information dissemination in the newspaper industry is several years away, but he is confident it is coming. The Atlanta classified ad director compares the spread of videotex and audiotex services to that of free-distribution home and auto publications.

"Years ago people were saying (the free publications) won't work; they'll just lie around. Well, 10 years later these things are all over the place, and newspapers are putting out their own to compete," says Welch. "You've got to be first in your market, and you have to get people used to you." ☐

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Minority, female employment inch up in second newspaper industry survey

The number of minorities and women working at U.S. daily newspapers has increased 2 percent each since 1988, according to ANPA's second industrywide survey.

The 1990 Survey of Employment of Minorities and Women in U.S. Daily Newspapers shows that daily newspapers are now staffed by 18-percent minority and 39-percent female employees. This compares with the 1988 survey findings of 16-percent minorities and 37-percent females [**presstime**, Sept. 1988, p. 54].

"I am pleased that minority hiring in the newspaper industry has increased," said Sandra C. Hardy, chairman of the ANPA Minority Opportunity Committee. "It is encouraging to find the publishers' concentrated efforts are leading to results."

However, work must be continued to raise the awareness of newspaper executives about the importance of a multicultural workforce, added Hardy, vice president of Calkins Newspapers in Levittown, Pa.

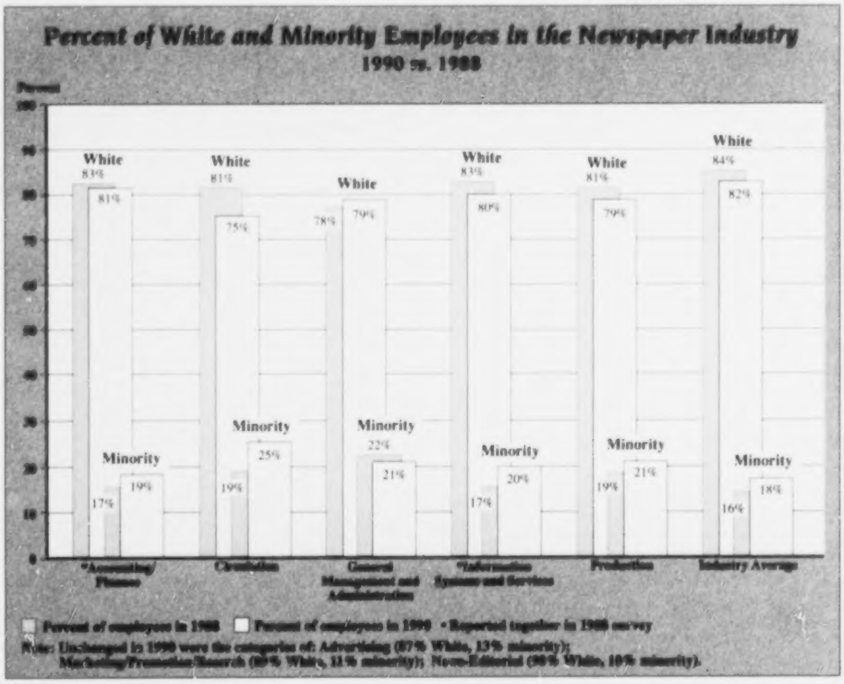
"I hope that we continue this trend and, in addition, that we increase the diversity of our editorial staffs and products to reflect and serve community diversity and interests," she said.

The survey concluded that the proportions of White and minority employees in the newspaper industry are "almost on par" with the country's total civilian labor force. According to National Planning Data Corp., minorities account for 22 percent of this year's civilian workers. While the proportion of minority workers at U.S. daily newspapers was increasing by 2 percentage points between 1988 and 1990, the increase among minorities in the overall workforce was 1 percentage point.

> *Proportions of White and minority employees are "almost on par" with the civilian labor force.*

However, the newspaper industry is nine percentage points lower than the total workforce average in the proportion of females employed, 39 percent versus 48 percent.

Also, although minorities represent 13 percent of executives and managers in the U.S. workforce, 9 percent of newspaper executives and managers are minorities. Yet in this category, too, minority representation grew at a faster rate in the newspaper business than in the total labor pool—up 2 percentage points versus a gain of 1 point since 1988.



The greatest number of newspaper minority employees, 25 percent, work in the circulation department, according to the survey. This represents an increase of 6 percentage points over 1988. (See chart.)

The news/editorial, advertising, and marketing/promotion/research departments continue to have the lowest proportion of minorities.

Commissioned by ANPA and conducted by Belden Associates of Dallas, the survey was based on responses from 604 newspapers representing 566 markets. Questionnaires were mailed over the winter to 1,565 dailies including both ANPA members and non-members. The response rate was 36 percent of markets, 39 percent of newspapers.

Thirty-six percent of the responding papers said they had active, voluntary, affirmative-action programs. This is a decrease of 2 percentage points from 1988.

Following are the survey's summary reports by department:

- The **news-editorial** departments again have the smallest representation of minority employees in the business, 10 percent, unchanged from 1988. Eliminating clerical and administrative support staff, the figure drops to 8.5 percent of newsroom professionals; this is up from the 8 percent reported in the previous ANPA survey and from the 7.9-percent figure from the last annual survey by the American Society of Newspaper Editors [**presstime**, May, 1990, p. 76].

Minorities also compose 5 percent of newsroom supervisors, 9 percent of copy editors, 9 percent of reporters or writers, 11 percent of photographers or artists, 19 percent of clerical or administrative support staff, and 14 percent "other."

Women make up 39 percent of news-editorial employees compared with 37 percent in 1988—matching exactly the percentages for their overall representation at U.S. dailies during the two years.

- **Marketing-promotion-research** departments continue to have 11-percent minority employment. It breaks down this way: 10 percent of executives and managers, 9 percent of professional and technical employees, 18 percent of clerical or administrative support personnel, and 16 percent "other."

Women make up 62 percent of employees in these areas, down from 63 percent in 1988.

- **Advertising** departments also were unchanged at 13-percent minority employment—7 percent of executives and 10 percent of professional and technical employees, 12 percent of salespeople, 21 percent of clerical or administrative support staff, and 12 percent "other."

Women make up 67 percent of advertising employees, an increase of 1 percentage point.

- **Accounting-finance-information services** have 19-percent minority employment, compared with the previous 17 percent. According to the new survey, 9 percent of executives and managers in these areas are minorities as are 14 percent of professional and technical employees, 24 percent of clerical or administrative support personnel, and 21 percent "other."

Women hold 66 percent of these jobs as a whole, down from 67 percent.

- **Production** departments have 21-percent minority employment, which represents another 2-point increase from '88. Eleven percent of production executives and managers are minorities. Other departmental figures are: professional and technical employees, 14 percent; skilled craftspeople, 16 percent; operators (semi-skilled), 21 percent; clerical or administrative support staff, 27 percent; and "other," 34 percent.

Women make up 20 percent of production employees, compared with 19 percent in 1988.

- **Circulation** departments, with the highest minority representation at 25 percent, have 14 percent of executives and managers who are minorities, as well as 11 percent of professional and technical employees, 25 percent of salespeople, 16 percent of skilled craftspeople, 29 percent of operators (semi-skilled), 30 percent of clerical or administrative support personnel, and 37 percent "other."

Women make up 36 percent of circulation employees, up from 33 percent in 1988.

- **General management and Administration** categories have 21 percent minority employment. This broad category encompasses publishers, other top executives and professionals, as well as janitorial and other services, and some clerical workers.

Minorities are 7 percent of executives and managers, 12 percent of professional and technical employees, 17 percent of clerical or administrative support staff, and 25 percent "other."

Women make up 43 percent of employees in this category, down from 45 percent in 1988.

Copies of the report are available from the ANPA Human Resources Department, The Newspaper Center, Reston, Va.

—Cynthia F. Wilson

Foote joins ASNE as minority affairs director

The American Society of Newspaper Editors has named Cornelius F. Foote Jr. as minority affairs director.

Foote had worked as a reporter for The Washington Post since November 1986, most recently as a general assignment and government reporter in the paper's Loudoun County bureau. Prior to that, he covered small business, employment and personal finance for The Miami Herald.

A regional director of the National Association of Black Journalists, Foote chairs the organization's Professional Chapter Task Force and serves as a member of its Internship and Scholarship committees. He also speaks Spanish, composes jazz for piano and teaches a writing course at American University in Washington, D.C.

Cornelius F. Foote Jr.

Foote, who received a master's degree in journalism from Northwestern University in 1984, succeeds Mireille Grangenois, who served as ASNE minority affairs director since August 1988. She has joined the Philadelphia Inquirer and Daily News as a marketing manager. ☐

Directory of high school workshops available

The first "National Directory of High School Journalism Workshops for Minority Students" is now available from the Dow Jones Newspaper Fund.

The free, 12-page booklet lists more than 56 programs on such topics as interviewing, reporting, writing, designing pages and taking photographs.

The directory, which will be updated annually, is organized by state and includes the name, date(s) and application deadline of each workshop. It is available from the fund at P.O. Box 300, Princeton, N.J. 08543-0300. ☐

Missouri Legislature lifts retroactive tax on newspapers

Missouri newspaper publishers will not have to pay three years of back sales tax under a bill passed by the Legislature.

"It passed in the Senate with an hour and 20 minutes left in the session at 4:40 p.m. (May 18)," said Doug Crews, executive director of the Missouri Press Association. "It is etched in my memory."

The bill now goes to Gov. John Ashcroft, who is expected to sign it. Since he will be receiving it after adjournment, under Missouri rules he will have 45 days (instead of the customary 15) to sign or it automatically goes into effect.

Newspapers will have to continue paying taxes on *current* sales, to comply with a Missouri Supreme Court ruling that removed their longstanding exemption from the tax [**presstime**, March 1990, p. 44]. Newspapers began collecting the tax Feb. 1.

The court had ordered newspapers to pay the three years of back sales taxes as part of its finding that newspapers are a taxable product and not a tax-exempt service. The Legislature's action supersedes that portion of the court's decision. ☐

Minnesota broadens access to meetings, records

Beginning Aug. 1, Minnesota news reporters will have an easier time doing their jobs. On May 3, Gov. Rudy Perpich signed into law a bill that significantly expands public access to meetings and records of public bodies.

The legislation was drafted in response to a state Supreme Court ruling last year that said public officials' meetings must be closed when information classified as private under the state's Data Practices Act is discussed. ☐

Shield laws expanded

Governors in Georgia and New York signed shield-law legislation expanding the protection of reporters in those states from contempt citations when they refuse to disclose sources or information obtained in news gathering.

The new Georgia law protects journalists in court proceedings in which they are not parties. New York broadened its shield law to protect journalists from having to disclose non-confidential information in court. A similar bill had been defeated last year [**presstime**, Aug. 1989, p. 42]. ☐

ANPA capital expenditure survey shows small decline in 1989 spending, 1990 projections

For the first time since 1983, newspapers participating in ANPA's annual survey of capital expenditures reported a slight decline in spending compared with the previous year. Survey participants reported capital outlays of nearly $1.5 billion, compared with nearly $1.6 billion reported in 1988.

However, comparisons are inexact because the number and mix of survey participants fluctuates from year to year. This year, 440 of the 1,100 plants that print ANPA-member newspapers responded to the survey—423 from the United States and 17 from Canada. That was 25 fewer than returned the ANPA questionnaires a year ago [**presstime**, June 1989, p. 98].

Survey participants said they plan to spend $1.2 billion on new equipment and buildings this year. Actual spending sometimes exceeds projections, as was the case in 1989 when expected spending had been put at slightly less than $1.4 billion.

Newspapers reported spending $439.5 million on plant expansion and modernization in 1989, down from $581.8 million a year earlier. Projected 1990 spending in this category is $418.3 million.

Telecommunications equipment purchases (excluding telephone systems) had a much steeper decline, from $21.1 million in 1988 to $14.9 million in '89. Another drop is indicated for this year, to $5.5 million.

There was an increase in 1989 spending for the broad range of other equipment—everything from presses and color scanners to newspaper vending machines and furniture. Survey participants spent just over $1 billion for new equipment, compared with $974.7 million in 1988. This year, spending of $810.3 million is projected.

A closer look at the survey reveals:

- Newspapers spent considerably less on new buildings in 1989 than they did in 1988. Last year's total was $170.4 million, compared with $382.1 million in 1988. Newspapers estimate an increase to $193 million this year.
- Plant additions were popular last year. Newspapers spent $100.9 million there, compared with $64.8 million in 1988. Estimated spending this year is $93.5 million.
- Plant modernization expenditures also increased in 1989, from $86.8 million to $90.5 million. Estimates for 1990 are for a sharp decrease to $46.9 million.
- Money spent for land, parking lots and garages increased greatly, from $48.1 million in '88 to $77.6 million. In 1990 another increase is projected, to $84.8 million.
- On the equipment side, outfitting the pressroom still represents the heftiest investment for newspapers. Spending for presses and related equipment was $397.8 million, compared with $386.2 million in 1988. Estimated spending this year is $305.8 million.
- Spending also increased in the packaging and distribution area—from $125.9 million in 1988 to $135.6 million. A drop to $88 million is estimated for this year.
- Spending for personal computers was $20.5 million, up from $17.4 million. This year newspapers estimate they will spend $16.9 million for PCs.
- There also was an increase in spending for desktop computer systems—to $8.5 million, up from $5.9 million. Projected 1990 expenditures total $6.5 million. ☐

Chart 1—1989 Estimates

Newspaper Plants Participating[1]	**U.S.** 423	**Canada** 17	**Totals** 440
Plant Expansion and Modernization			
New building	$162,903,570	$30,187,272	$193,090,842
Addition to existing building and/or satellite building	82,503,123	10,978,358	93,481,481
Modernization of existing building	44,737,182	2,119,856	46,857,038
Additional land, parking, garage	84,291,759	555,800	84,847,559
Subtotal	$374,435,634	$43,841,286	$418,276,920
Telecommunications	5,408,780	65,000	5,473,780
New Equipment			
Computers (hardware and software)			
Front-end systems—editorial, classified, advertising	$ 86,610,049	$ 2,262,361	$ 88,872,410
Business—accounting, circulation	56,529,123	1,442,988	57,972,111
Personal computers	16,210,809	733,241	16,944,050
Library systems	3,459,965	14,300	3,474,265
Desktop computers	5,705,840	798,084	6,503,924
Bar Coding	832,481	1,258	833,739
Composing room	25,527,783	1,277,394	26,805,177
Camera—platemaking, editorial photo department	14,420,487	2,873,805	17,294,292
Color scanners and color separation equipment	10,004,947	545,100	10,550,047
Pressroom	288,928,962	16,838,004	305,766,966
Mailroom	75,496,307	12,464,843	87,961,150
Newsprint handling and warehouse equipment	12,801,344	996,500	13,797,844
Energy, power and security management systems	9,327,110	63,000	9,390,110
New telephone and radio systems	14,830,953	86,004	14,916,957
Transportation—automobiles and trucks	33,229,911	1,434,902	34,664,813
New furniture and office equipment	28,100,424	1,756,923	29,857,347
Newspaper vending machines	8,408,632	979,163	9,387,795
Commercial or job printing equipment	2,580,784	58,821	2,639,605
Waste ink reclaiming equipment	702,613	0	702,613
Other	71,681,152	254,972	71,936,124
Subtotal	$765,389,676	$44,881,663	$810,271,339
Estimated Total Outlays	$1,145,234,090	$88,787,949	$1,234,022,039

Chart 2—1990 Expenditures

Newspaper Plants Participating[1]	**U.S.** 423	**Canada** 17	**Totals** 440
Plant Expansion and Modernization			
New building	$151,756,431	$18,628,705	$170,385,136
Addition to existing building and/or satellite building	99,840,757	1,100,000	100,940,757
Modernization of existing building	78,516,188	12,028,200	90,544,388
Additional land, parking, garage	77,386,171	260,000	77,646,171
Subtotal	$407,499,547	$32,016,905	$439,516,452
Telecommunications	14,626,714	230,000	14,856,714
New Equipment			
Computers (hardware and software)			
Front-end systems—editorial, classified, advertising	$ 109,415,169	$ 4,469,800	$113,884,969
Business—accounting, circulation	74,295,030	2,062,800	76,357,830
Personal computers	19,463,985	987,000	20,450,985
Library systems	7,486,651	210,000	7,696,651
Desktop computers	8,060,100	440,000	8,500,100
Bar Coding	250,500	0	250,500
Composing room	27,966,360	1,588,000	29,554,360
Camera—platemaking, editorial photo department	22,033,963	1,172,100	23,206,063
Color scanners and color separation equipment	18,769,952	358,000	19,127,952
Pressroom	379,185,957	18,643,700	397,829,657
Mailroom	131,650,518	3,969,400	135,619,918
Newsprint handling and warehouse equipment	16,938,650	115,100	17,053,750
Energy, power and security management systems	10,344,009	439,400	10,783,409
New telephone and radio systems	18,314,831	371,000	18,685,831
Transportation—automobiles and trucks	35,774,751	1,864,500	37,639,251
New furniture and office equipment	34,343,565	2,165,292	36,508,857
Newspaper vending machines	9,792,510	1,345,400	11,137,910
Commercial or job printing equipment	2,048,546	200,000	2,248,546
Waste ink reclaiming equipment	1,584,429	3,000	1,587,429
Other	62,593,833	396,000	62,989,833
Subtotal	$990,313,309	$40,800,492	$1,031,113,801
Total Outlays	$1,412,439,570	$73,047,397	$1,485,486,967

[1] Figures represent only those ANPA-member plants reporting and not all daily newspapers

August 1990

presstime

The Journal of the American Newspaper Publishers Association

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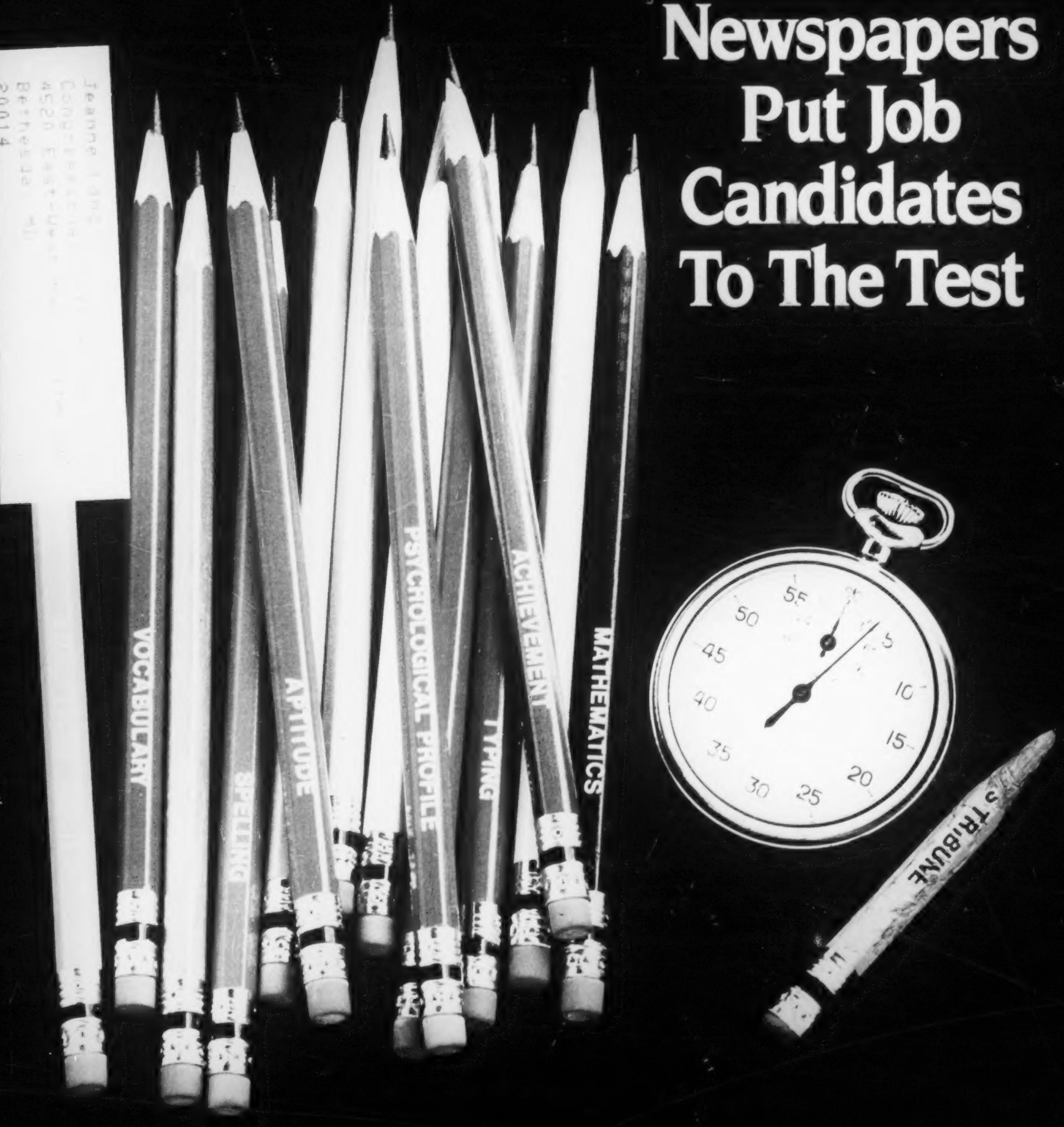
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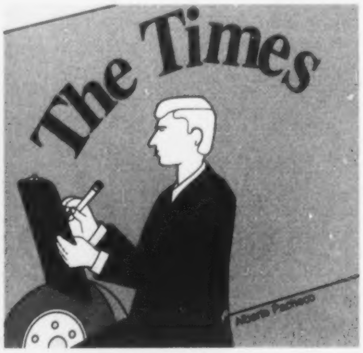
(Cover photo by Robert Rathe.)



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CHAIRMAN'S CORNER

A way to expand your circulation and readership

Your ANPA Board of Directors identified "the need to increase market penetration and reach varied demographic segments" as one of the key issues for our Association to address in the 1990s.

This should come as no surprise, because our most recent membership survey and the one that preceded it several years ago identified the corrosion of readership and circulation as our industry's No. 1 problem.

In response to the membership, Chairman John Curley's Circulation and Readership Committee has presented to our industry a major new tool titled "A Way to Win: Strategies to Evaluate and Improve Your Readership and Circulation."

Lloyd G. Schermer

This excellent report came from our Readership and Circulation Assessment Team: William J. Keating, Seymour Topping, Virginia Dodge Fielder, Michelle Foster, Harold F. Woldt Jr. and Joe Junod.

This report is, quite simply, our best-ever tool for real-world assessment and action.

At a recent board meeting, John Curley pointed out that this report deals with the nuts and bolts of how to build readership and circulation. He was concerned that much of its valuable content will not be used down in our organizations where the work is being done.

What matters most, as our industry builds circulation and readership, is not national statistics but local effectiveness in each newspaper market, one by one. The report contains an analysis of strategic operations that every newspaper can embrace. It shows us how—better than ever—to know our markets, know ourselves and then do the right thing in ways that have already been proven.

It recommends a holistic management concept in which the publisher leads, but also in which ideas result from team analysis and challenging goals emerge from team action. It gives us "10 vital signs" of newspaper business health that each of us should monitor as we methodically make our newspapers better and as we adjust to our ever-changing markets.

It reminds us that there are differentiated markets we must know and serve *within* each community, and that society evolves faster than we usually react. So if you last reviewed content and design only a few years ago, it is probably needed again.

It begs us to make our newspapers customer-driven, admonishing that we hold off slogans about quality until we are performing with quality every day. It cautions us to use research for strategic reasons and to launch new total-information-company products for long-term reasons, not just to meet short-term goals.

No matter how good we think we are, there is a management lesson from the "A Team" for each of us. This report is no esoteric exercise of theories. It's based on proven facts, experience and results.

All we have to do is use it.

Lloyd G Schermer

Lloyd G. Schermer
ANPA Chairman

NEWSPAPERS CAN CAPITALIZE ON CHANGES IN National Advertising

BY JAMES DUNAWAY

Scores of news stories have been written about the changes taking place in the advertising agency business since the mid-1980s: about the birth of mega-agencies through mergers and acquisitions, about the computerization of media buying and the downsizing of agencies' media departments, about new compensation arrangements based on fees or sales results rather than the time-honored 15-percent commission.

Yet for newspapers, observers say, these upheavals have little or no significance. The really important changes, for newspapers, are taking place not on Madison Avenue but in the marketing departments of major advertisers and in the rapidly changing structure of the mass media.

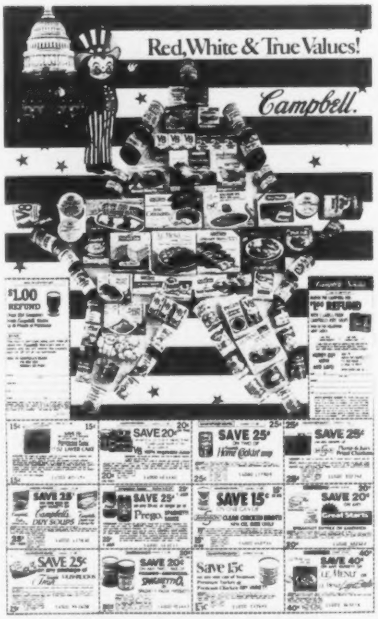
The three key trends are:

- The growing regionalization of marketing budgets for major consumer brands and the parallel growth of newspaper networks
- The re-emergence of media selection as a strategic marketing function
- The increasing number of multimillion-dollar, multimedia group buys originated by the new giant media companies to meet specific marketing needs of specific major advertisers.

The first two of these trends can—in theory at least—help newspapers increase their share of national advertising. The effects of the third one depend on the willingness of newspapers to adopt more aggressive sales tactics and to get involved in the kind of wheeling and dealing on rates that characterizes the operations of media conglomerates like Time Warner, News Corp. and Westinghouse Broadcasting.

A closer look shows how newspapers are affected by each of these three major trends.

REGIONALIZATION, NETWORKS. Since Campbell Soup allotted $5 million for an experiment in regional marketing in 1986 [**presstime**, Jan. 1988, p. 10], a number of companies, especially food companies, have moved strongly in the same direction. To name just a few: Coca-Cola Foods, Borden Pasta, Quaker, General Foods Frozen Foods and Interstate Brands.



The Journal Newspapers of Springfield, Va., create and produce Campbell Soup Co. advertisements that have appeared in some 20 papers throughout the Mid-Atlantic region.

Campbell is fully committed. Not only has the company increased the annual budget for regional marketing from $5 million to $91 million in four years, but it also has reorganized into 22 marketing regions. Each has its own marketing management, its own budget and the authority to decide, within corporate objectives, how to spend marketing dollars.

As a result, Campbell is buying a lot more newspaper space. Herbert M. Baum, president of Campbell North America, points to a full-page newspaper ad for a multimarket promotion with IGA (4,400 independent grocery stores) featuring 14 different Campbell product lines under nine different brand names. "I can't think of any other medium which could even attempt to handle this much advertising at one shot, at any price," Baum comments.

"It isn't just a Campbell phenomenon," says Craig C. Standen, president of the Newspaper Advertising Bureau and soon to be vice president/marketing and advertising at Scripps Howard. "We're seeing it in many national advertisers from different fields. Chevrolet, for example, might be having a big push for pickup trucks in one part of the country and four-door sedans in another. Major companies marketing on a less than national basis should spell big opportunity for newspapers, because we are a local medium. And when you marry a number of papers together, we become a powerful regional medium. This clearly plays into our strength."

Robert W. Keim, executive vice president of Landon Associates, which represents several hundred newspapers for national advertising, adds, "There isn't a class of business with a major player that hasn't regionalized. Seagram's is the most recent one."

The change is long-range, Keim believes. "Regionalization of budgets has caused a restructuring of entire companies. They're committed to regional marketing."

One important result of the trend toward regional marketing has been the rapid growth of newspaper networks. They were first formed in the late 1960s when suburban dailies combined to compete with metro papers for national ads. Then in the 1980s, competition from mass-mailer Advo-System Inc. for ad-insert business drove newspapers in many parts of the country to form *ad hoc* combinations based on particular advertisers' distribution needs.

"There are 300 wired networks right now," says Keim, and "new ones are being formed all the time. . . . Networks are being created every day for specific sales opportunities."

Among the permanently established networks is the 3½-month-old Florida News-

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Dunaway, formerly vice president/director of information of the Newspaper Advertising Bureau, is president of Dunaway Ink, an editorial and business writing service in Tenafly, N.J.

paper Advertising Network. It encompasses 19 dailies, including all the state's major papers [**presstime**, July 1990, p. 56]. Another newcomer is the Metro Iowa Newspaper Network, anchored by The Des Moines Register and linking newspapers in Cedar Rapids, Davenport, Dubuque, Iowa City, Sioux City and Waterloo.

Just as significant from a national advertising point of view is the recent merger of Million Market Newspapers/Times Mirror National Marketing and Knight-Ridder Newspapers Sales to form Newspapers First, which offers one-order, one-bill access to more than 26 million readers and 16 of the top 30 marketing ADIs, "areas of dominant influence."

The well-publicized efforts of the NAB's National Advertising Sales Committee's sales teams are built around creating newspaper networks designed to help specific advertisers solve specific marketing problems. The committee's biggest success to date is a $15-million campaign for Vantage Cigarettes, currently running in nearly 200 dailies—half of them with circulations under 50,000.

What helped make the buy especially attractive to R.J. Reynolds Tobacco was that the newspaper sales team did all the negotiating for the specific requirements—preferred positions such as sports or weather pages, page exclusivity, etc.—on which the buy was based. "Usually you have to slug it out with the individual newspapers," says Daniel F. Pearson, Reynolds' senior director of media.

Even the head of the National Sales Committee, Lance R. Primis, president of The New York Times, admits that the hardest part of the committee's job is dealing with newspapers.

"When we've requested information from newspapers about positions or the names of people to participate," he says, "it's been difficult to generate enough of the information we need—even with live ad dollars attached to the request—as quickly as we need it."

Still, a growing number of newspaper networks now offer the convenience of one-order/one-bill buying, plus group discounts and/or "value-added merchandising" help in some cases.

And national advertisers, especially consumer goods companies like Campbell that have organized on a regional basis, are showing real interest in newspapers for the first time in years. With food manufacturers and food processors spending only $115 million, a mere 2.4 percent of their $4.7-billion annual ad budgets, for national advertising in newspapers in 1988, these advertisers represent a genuine opportunity for new business.

Newspapers' Leading National Advertising Categories, 1970-88

(Billings shown in millions of dollars; discounts not subtracted)

	1970	1975	1980	1985	1988
1.	Automotive 277	Automotive 176	Tobacco 313	Automotive 673	Automotive 1,033
2.	Foods 112	Transportation 155	Automotive 313	Transportation 605	Transportation 614
3.	Transportation 92	Tobacco 148	Transportation 297	Media 237	Hotels/resorts 276
4.	Alcohol 65	Foods 131	Media 177	Tobacco 204	Media 253
5.	Media 65	Media 83	Foods 166	Hotels/resorts 190	Utilities 253
6.	Hotels/resorts 34	Alcohol 72	Alcohol 103	Utilities 177	Foods 115

Sources: Newspaper Advertising Bureau, Leading National Advertisers

STRATEGIC MEDIA SELECTION. That opportunity is certainly welcome at newspapers, which are largely overlooked when the national advertising buys are made. They are overlooked because, for the last 30 years, media strategy for most ad agencies and most major national advertisers has consisted of buying network television and filling the gaps with spot TV.

At first this was a well-thought-out strategy, but as time went by it became merely a habit. A whole generation of ad-agency account executives and media directors, planners and buyers—and many of their clients—grew up believing television was the only sensible place to put their advertising dollars.

So when cable TV and the other new media of the 1980s began to break up the viewing audience into increasingly smaller fractions, the typical agency media department's reaction was to buy *more* television to compensate for the smaller audiences.

At least partly as a result, the larger advertisers that were investing hundreds of millions of dollars a year in media (thus spending more and more while getting less and less for their money) moved to gain control of the process by appointing in-house media directors.

Today, corporate media directors like Philip Guarascio of General Motors, William H. Lynn of Coca-Cola and Andrea J. Alstrup of Johnson & Johnson are rethinking the media needs of their companies. They're doing what agencies couldn't bring themselves to do: questioning the total reliance on television and examining the various options with an open mind. For the first time in decades, newspapers are being looked at as a viable part of the corporate media picture.

"Regionalization of budgets has caused a restructuring."

Robert W. Keim
Landon Associates

For smaller advertisers, a new breed of consultants is doing the same job. Eugene A. DeWitt, who held the top media job at the McCann-Erickson agency before founding his own firm, DeWitt Media Inc., is one such consultant.

DeWitt believes that more than a few advertisers will like what they see when they take a closer look at newspapers. "A strong case can be made for newspapers today for consumer products," he says. "As the baby boomers reach the middle years, we expect that newspaper readership and circulation will increase, and many advertisers will use newspapers to reach this key population sector."

DeWitt backs his belief with a success story. "We've proven that a heavy advertiser can go from TV to newspapers and increase sales," he says.

"One of our clients had a problem with their agency," DeWitt explains. "They liked the agency, they liked the ads, but sales were going down and they were going to fire the agency. They had been using mostly TV with some newspapers. We recommended that they drop television entirely and concentrate on newspapers, and it worked." The agency is now placing ads in more than 400 newspapers, and sales have been going up steadily.

DeWitt says, however, that newspapers are far from perfect as an ad medium. "Because newspaper buys are very labor-intensive, they're one of the most expensive media to use," he notes. "And with agencies cutting back on media department personnel, it's that much harder" to use newspapers.

He points to the formation of Newspapers First as a step in the right direction. "A one-order/one-bill group of that size should make things a lot easier," he says.

To be fair to the agencies, in the last year or two most of the larger ones have assigned individuals or groups to be responsible for the strategic side of media selection. But whether this will lead the agencies, like many of their clients, to an impartial reevaluation of newspapers remains to be seen. Some people call it window dressing.

MULTIMEDIA GROUP BUYS. Regarding the three major trends, the biggest imponderable for newspaper executives is whether they will get a piece of the action from the newest manifestation of a venerable concept: group buys.

A group buy used to be pretty simple. It involved two or more publications or broadcast stations owned by the same company, usually with a modest discount.

Today, a group buy is just as likely to include several different media and/or several ownerships, like the one put together recently for H.J. Heinz by The Hearst Corp. It included ads in five Hearst magazines, commercials on two cable networks, a cookbook deal offer with a book publisher, advertorials in some of the magazines, and special in-store rack displays with the product and the magazines displayed together.

The entire buy was made "at a price they couldn't get buying piecemeal," according to Mark E. Goldschmidt, Hearst's vice president and director of corporate marketing, who helped assemble the package. Such buys account for 40 percent of Hearst magazines' current ad volume, and the proportion is growing, he says.

An even bigger, more complicated package was developed by Group W Satellite Communications for Coca-Cola. It was built around a concert tour by country singer Randy Travis, who is Coke's spokesperson for its advertising and promotion to the "country" market.

One concert early in the tour was taped for Pay Per View showing on Group W's Request PPV Network, available in 5.2-million households. The PPV showing was promoted as a discount special (buy a 6-pack of Coke, get a discount on the PPV; buy the PPV, get a discount on Coke). The PPV showing was also promoted with spots on Group W's Nashville Network (TNN Cable and TNN Radio, reaching 48 million and 30 million households, respectively), and via a cover story in Country America magazine, which is jointly owned by TNN, Opryland and Meredith Corp. Finally, the PPV concert was simulcast on TNN Radio. Coca-Cola received sponsor identification every time—hundreds of millions, perhaps billions of favorable mentions, apart from the actual commercials.

Next the PPV tape was edited for regular programming use on TNN cable, with heavy promotion on TNN and in Country America—again with Coke sponsorship identification.

"Give me added value . . . better position, more visibility."

Daniel F. Pearson
R.J. Reynolds Tobacco

Then the concert became a Randy Travis home video, with Coca-Cola advertising and sponsor credit. Coke used the video as a promotional premium, and TNN promoted it on cable and radio and in the magazine.

The Hearst and Group W deals have several features in common. They were put together by media companies to fit the specific needs of the advertisers. They were designed to capture the client's promotion dollars as well as advertising dollars, which adds a lot more money to the kitty. They offered extras ("value added") as an integral part of the package. And *they didn't include newspapers.*

Asked why his Heinz package didn't include newspapers, Hearst's Goldschmidt replies, "We have at time tied our magazines and newspapers together. The problem is, newspapers are limited by geography and therefore limited in the products we can use them for." In other words, newspapers don't always fit.

Group W Senior Vice President Lloyd A. Werner says, "We're not in the newspaper business, but if we were doing this kind of combined marketing concept, all the 'tune-in' advertising in the newspapers would be shared.

"I think the majority of business is going to be placed this way by the year 2000," adds Werner. "And I think the media are going to have to combine to give advertisers and marketers what they seek and need. When Time Warner gets its act together, then you'll really see some spectacular deals."

Newspapers have not yet generally adopted the aggressive sales posture needed to assemble and sell this kind of complex multimedia package. But with their market-specific promotional strength and increasing familiarity with putting together networks, there's no reason—except perhaps the rate card—why they can't.

Meantime, what else can newspapers do to get more of the national advertising action?

"Give me added value . . . better position, more visibility," says R.J. Reynolds' Pearson. "Make it easier for me to buy a group of papers, but let me pick the papers."

Primis of The New York Times says: "It will take increased flexibility from our news departments and our publishers. Flexibility in the way the paper is laid out and presented will be the strongest statement we can make to national advertisers, who view our medium as rigid, inflexible and not friendly to national advertisers, even though they often pay much higher prices to place their messages in newspapers.

Newspapers must "continue to find ways to make the medium easier to deal with," agrees Standen of NAB. "But the real opportunity for newspapers, I think, is to come up with creative ideas . . . the kind of ideas we are trying to put together for our team-selling program . . . where you put yourself in the customer's place, find out what his problems and opportunities are, and then put together a program that utilizes newspapers that will help him solve that problem or capitalize on that opportunity."

Campbell Soup's Baum confirms that newspapers can be of more help at the local level. "Because we don't use many local agencies, our regional offices need help in design, layout and sometimes even idea generation. Helping us generate and execute outstanding ideas is money in *your* pockets," he says.

Consultant DeWitt says, "Don't get hung up on the past." He believes agencies and especially advertisers are more open to new media ideas today than they have been for many years. "Reassess the market," he advises, "and go in aggressively." ☐

Dailies' annual consumption increases

Daily newspapers in the United States consumed 9,076,642 metric tons of newsprint in 1989, 0.3 percent more than in 1988, according to ANPA's annual state-by-state survey of dailies' consumption.

The new survey also shows that Utah had the largest percentage increase between 1988 (33,734 tons) and 1989 (36,624, 8.6 percent). Next highest were Delaware and South Carolina (7.9 percent each), North Dakota (6.5 percent), Alaska (5.1 percent), California and New Mexico (4.6 percent each).

California recorded the biggest increase in actual tonnage, 59,291, and it led the nation in total consumption—1,357,174 tons, 15 percent of the national total.

There were net decreases in consumption in 18 states. New Jersey had the largest percentage decrease, 8.7 (33,920 tons).

Regionally, the Northeast recorded the only decrease in newsprint use between 1988 (2,296,960 tons) and 1989 (2,178,921)—a drop of 5.1 percent.

The annual ANPA survey [**presstime**, Aug. 1989, p. 47] covered 1,719 general-circulation daily newspapers as well as some foreign-language, college and special-service dailies such as trade newspapers. Together, they accounted for 74.1 percent of 1989's estimated newsprint consumption by all U.S. users of 12,241,000 tons, a decrease of 0.03 percent from 1988's figure of 12,245,000 tons.

The 0.3-percent increase in consumption by U.S. dailies supersedes a preliminary estimate that had indicated an increase of 1.4 percent [**presstime**, March 1990, p. 60]. The preliminary estimate was derived from data supplied by newspapers in ANPA's statistical sample. The new consumption report was based on a survey of every U.S. daily newspaper. ☐

State-by-state newsprint consumption by U.S. daily newspapers*

	1989	1988	% change		1989	1988	% change
Alabama	76,468	74,994	2.0	Montana	12,907	12,418	3.9
Alaska	17,649	16,792	5.1	Nebraska	47,455	46,152	2.8
Arizona	138,981	138,847	0.1	Nevada	48,318	46,663	3.6
Arkansas	64,036	63,744	0.5	New Hampshire	22,185	23,409	-5.2
California	1,357,174	1,297,883	4.6	New Jersey	357,868	391,788	-8.7
Colorado	176,673	180,904	-2.3	New Mexico	27,984	26,764	4.6
Connecticut	111,473	116,945	-4.7	New York	880,766	934,795	-5.8
Delaware	18,685	17,322	7.9	North Carolina	167,303	171,469	-2.4
District of Columbia	266,360	260,082	2.4	North Dakota	13,212	12,412	6.5
Florida	631,263	613,696	2.9	Ohio	338,815	338,555	0.1
Georgia	213,731	209,790	1.9	Oklahoma	71,765	71,646	0.2
Hawaii	29,867	28,812	3.7	Oregon	98,111	94,170	4.2
Idaho	15,480	15,371	0.7	Pennsylvania	419,962	423,572	-0.9
Illinois	448,539	451,592	-0.7	Rhode Island	42,784	44,155	-3.1
Indiana	151,346	149,188	1.5	South Carolina	78,307	72,606	7.9
Iowa	73,226	72,435	1.1	South Dakota	11,222	10,843	3.5
Kansas	41,550	41,464	0.2	Tennessee	120,398	121,824	-1.2
Kentucky	69,779	70,253	-0.7	Texas	666,048	637,495	4.5
Louisiana	105,909	109,475	-3.3	Utah	36,624	33,734	8.6
Maine	26,623	27,934	-4.7	Vermont	9,291	9,369	-0.8
Maryland	129,580	124,154	4.4	Virginia	146,881	146,644	0.2
Massachusetts	307,969	324,994	-5.2	Washington	144,674	139,229	3.9
Michigan	329,981	322,040	2.5	West Virginia	31,578	31,381	0.6
Minnesota	134,952	135,277	-0.2	Wisconsin	129,990	130,485	-0.4
Mississippi	35,201	35,092	0.3	Wyoming	5,533	5,962	-7.2
Missouri	174,166	173,852	0.2				
				Total	9,076,642	9,050,472	0.3

Regional newsprint consumption by U.S. daily newspapers*

	1989		1988		
	Number of newspapers	Consumption	Number of newspapers	Consumption	% change
Northeast	293	2,178,921	299	2,296,960	-5.1
North Central	545	1,894,454	549	1,884,295	0.5
South	573	2,893,292	582	2,831,667	2.2
West	308	2,109,975	309	2,037,550	3.6
Total	1,719	9,076,642	1,739	9,050,472	0.3
Total consumption by *all* U.S. users		12,241,000		12,245,000	-0.03

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*Metric tons

Smurfit consolidates

Jefferson Smurfit Corp., its affiliate Container Corp. of America, and Smurfit Newsprint Corp. said they are "streamlining" the structure of their nationwide recycling operations into a new organization called Smurfit Recycling Co.

The company has 47 plants and regional sales offices in 15 states and claims to be the largest waste-paper collector and recycler in the United States. ☐

All-user consumption is up 3.2 percent for May, 0.8 percent for year

Newsprint consumption by all users was an estimated 1,070,232 metric tons in May 1990, an increase of 3.2 percent from the previous May's level.

For the first five months of 1990, total U.S. newsprint consumption was 5,060,878 tons, an increase of 0.8 percent over the amount used in the same period of 1989.

U.S. daily newspapers in May consumed 793,154 tons, 1.7 percent more than in May 1989. For the first five months, dailies' consumption increased 0.7 percent to 3,790,126 tons.

Newsprint inventories for newspapers in ANPA's statistical sample averaged a 40-day supply, compared with a 41-day supply in May 1989. Stocks of North American mills decreased 19.4 percent from the previous May.

Canadian newsprint mills operated at 97 percent of rated capacity in May and at 94 percent for the year to date. U.S. mills operated at 94.5 percent and 96.7, respectively.

May production in the United States increased 8.1 percent, while Canadian production increased 2 percent.

Worldwide newsprint shipments from Canadian mills in May increased 2.2 percent. Shipments to the United States increased 7 percent, and within Canada they increased 17.9 percent.

Overseas shipments decreased 22.9 percent.

Total newsprint shipments from the United States were 8.5-percent higher than in May '89. Domestic shipments increased 12.5 percent and shipments overseas decreased 30.5 percent. ☐

Newspaper Circulators Work to 'Stop the Stops'

September 1990

presstime

The Journal of the American Newspaper Publishers Association

Government Regulators Are Back At The Plant

presstime

INDEX VOLUME 12, NUMBER 9 SEPTEMBER 1990

Special Report *After the laissez-faire approach to government regulation of the Reagan years, federal and state authorities are stepping up their enforcement of environmental, health and safety rules. They are dispensing citations and fines ranging from the mundane to the alarming. Some newspapers are responding by hiring their own environmental safety managers who along with engineers and lawyers help plot a path through the regulatory thicket. The consensus is that while the newspaper industry is not being singled out, it better be on its toes.* 22

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CHAIRMAN'S CORNER

USPS continues service cuts, anticompetitive rate ideas

Back in 1981 I went to a seminar sponsored by the Program on Information Resources Policy at Harvard University. Also in attendance were a couple of people from other newspaper companies, AT&T, the Bell Labs, newsprint manufacturers, broadcasters, the postmaster general and politicians whose committee work encompassed many of the industries represented at the seminar.

One of the seminar's conclusions was that telephone companies, the U.S. Postal Service and newspapers someday would all be in the same arena as competitors for the delivery of information to the public.

If only my crystal ball hadn't been cloudy, I might have seen then what's so obvious to all of us today.

Most interesting was a discussion we had with the man who had just been appointed postmaster general, William F. Bolger.

I can still quote what he said word for word: "Why is it when the Postal Service delivers an insert it's *junk mail*, and when you deliver it it's an *insert*? The Postal Service does not plan to compete for the delivery of electronic information, but we do intend to compete with newspapers for the delivery of hard-copy advertising."

I don't think any of the rest of us foresaw what was about to happen. It becomes clear when you chart third-class postal rates and weight requirements. In 1981 third-class rates started to drop, and a whole new junk-mail industry blossomed because the Postal Service wanted it to happen.

Lloyd G. Schermer

In 1985 my wife and I decided to save all of our third-class mail over the period of a year. We did the same thing in 1989. The results of this exercise—including the fact that the number of pieces grew 50 percent—are shown on page 39 of this issue.

ANPA and my family support the recycling of newsprint. Yet in 1985 our family dumped 176 pounds of junk mail we did not pay for into a landfill without a thought about recycling—and by 1989 that had increased to 350 pounds. (As a comparison, in 1989 our Quad-City Times editions weighed a total of about 310 pounds.) Doesn't the USPS have a responsibility to clean up the environment too?

Now we are facing a new Postal Service proposal to lower one big category of third-class mail by 10 percent from today's rates if the mailer meets new requirements. All other rates would go up at double-digit levels; thus, to a greater extent than ever before, third-class would be subsidized by first-class mail.

Little did I realize in 1981 the Postal Service's strategy was to become a distributor of hard-copy advertising while first-class mail rates would continue to escalate with poorer service.

ANPA's Postal Committee is working hard in your interest, and the Association will continue to keep you apprised of the case before the Postal Rate Commission.

Lloyd G. Schermer

Lloyd G. Schermer
ANPA Chairman

Compensation for executives and others documented in third annual ANPA salary survey

The 1990 ANPA Newspaper Industry Compensation Survey shows a percentage increase in average pay for all top executives for companies responding to both the new survey and the one conducted in 1989.

Average base pay for the full range of those top executives rose 5.8 percent from 1989 to 1990, and total direct compensation—including incentive awards—increased 7.6 percent. For manager-level personnel who responded both years, average base pay climbed 4 percent, and total direct compensation moved up 4.5 percent.

The new survey attracted a larger response—618 newspapers vs. 526 in 1989. Many of the new participants are smaller-circulation papers, said Robert L. Friend, director of research at Inland Press Association, who supervised compilation of the data.

When compensation data from *all* 1990 respondents were averaged, the researchers found that the actual *dollar figures* for top executives also increased in 1990, with the exception of publishers and top operations executives. Friend explained that the inclusion of more smaller papers tended to drag down the 1990 dollar averages.

For publishers, the yearly average base salary is $105,021, down from $105,763 in '89. The average total direct pay for publishers is also down—to $124,846, compared with $125,461 a year ago.

The highest base pay for a participating publisher is $475,000, up from $450,000 last year, with the highest total direct compensation reported in 1990 as $740,000, up from last year's $680,000.

Like the publishers' base pay, the average base salary of the top operations executive fell. It went from $56,379 in 1989 to $56,214 in 1990. Unlike publishers, though, the top operations executive showed an increase in average total direct pay, from $62,289 in 1989 to $63,228 in 1990.

Increases in the averages for other key executives were:

- For the editor, a base salary of $65,647, up from $62,998, and total direct pay of $73,716, up from $69,976.
- For the top advertising executive, a base salary of $52,973, up from $50,388, and total direct pay of $60,333, up from $56,691.
- For the top circulation executive, a base salary of $45,220, up from $45,154, and total direct pay of $49,967, up from $49,639. (See charts.)

Publisher

Number of newspapers reporting: 409

Summary results

	Lowest	Median	Average	Highest
1990 base pay	$25,000	$ 86,000	$105,021	$475,000
1989 base pay	25,592	90,000	105,763	450,000
1988 base pay	21,000	85,000	101,608	504,000
1990 total direct compensation	30,000	101,300	124,846	740,000
1989 total direct compensation	25,592	101,850	125,461	680,000
1988 total direct compensation	21,000	96,900	120,766	741,417

By circulation

	Number of newspapers	Average number of employees supervised	1990 base pay			Total direct compensation (base plus incentive)	
			Range midpoint[1]	Median	Average	Median	Average
5,000 or less	18	24	$ nsd[2]	$ 40,020	$ 42,256	$ 48,000	$ 51,140
5,001-10,000	56	48	51,900	51,450	55,895	58,535	63,633
10,001-15,000	60	72	69,100	64,470	73,005	75,579	83,196
15,001-20,000	37	106	69,000	72,000	76,236	87,000	88,297
20,001-30,000	64	162	90,000	88,250	103,156	106,000	122,522
30,001-50,000	68	217	101,000	96,550	106,242	111,796	122,352
50,001-75,000	35	294	114,000	110,000	121,728	127,000	139,339
75,001-100,000	18	545	128,000	133,447	145,595	159,950	173,719
100,001-150,000	18	606	140,800	157,500	158,338	172,684	188,078
150,001-250,000	21	1,056	187,000	185,000	198,523	236,700	252,217
250,001-500,000	9	1,788	nsd[2]	292,000	248,177	330,400	290,479
500,001 and over	5	3,577	325,700	356,000	380,300	556,000	571,563

Editor

Number of newspapers reporting: 403

Summary results

	Lowest	Median	Average	Highest
1990 base pay	$16,000	$54,900	$65,647	$256,000
1989 base pay	16,500	54,750	62,998	239,295
1988 base pay	15,072	52,000	60,985	275,000
1990 total direct compensation	16,000	58,492	73,716	410,000
1989 total direct compensation	16,500	57,436	69,976	345,000
1988 total direct compensation	15,072	55,247	70,731	471,000

By circulation

	Number of newspapers	Average number of employees supervised	1990 base pay			Total direct compensation (base plus incentive)	
			Range midpoint[1]	Median	Average	Median	Average
5,000 or less	8	4	$ 28,080	$ 23,490	$ 23,190	$ 23,490	$ 23,453
5,001-10,000	38	10	29,182	29,520	30,313	29,520	31,703
10,001-15,000	49	17	37,700	36,348	37,695	38,532	39,853
15,001-20,000	33	26	39,936	41,600	44,340	43,350	49,826
20,001-30,000	65	37	60,000	50,000	55,232	52,000	58,859
30,001-50,000	69	45	64,500	55,810	57,888	58,500	64,579
50,001-75,000	43	61	78,000	66,300	68,797	76,000	75,718
75,001-100,000	25	92	74,894	74,981	75,087	85,999	85,597
100,001-150,000	22	160	88,000	105,000	105,888	125,000	118,899
150,001-250,000	25	220	101,000	108,500	110,702	132,000	127,593
250,001-500,000	18	226	nsd[2]	141,000	145,922	170,071	167,397
500,001 and over	8	687	185,750	191,750	208,088	261,350	277,734

[1] Median of midpoints of pay ranges reported

[2] Not sufficient data—fewer than three newspapers reported

- For the top financial executive, a base salary of $53,914, up from $53,181, and total direct pay of $60,442, up from $59,101.

Among newsroom positions, the managing editor's average base pay rose from $46,903 to $48,121, and total direct compensation went from $49,917 to $50,974. Copy editors' base pay rose from $31,437 to $31,682, while total direct compensation rose from $31,756 to $31,824.

At the same time, experienced reporters' (one to four years' experience) average base pay dropped to $30,199 in 1990 from $31,607 in 1989, and their average total direct pay fell to $30,315 from $31,776. Entry-level reporters' base pay slipped to $19,847 from $19,952, and total direct pay decreased to $19,894 from $20,042.

Among other job categories, the top data processing manager's average base pay increased to $45,517 from $42,621 and total direct pay rose to $48,459 from $45,006; circulation district sales managers' base pay increased to $26,427 from $23,721, and total direct pay rose to $27,186 from $25,351; the pressroom superintendent's base pay increased to $35,899 from $35,379 and total direct pay rose to $36,862 from $36,364; and the advertising creative services manager's base pay increased to $33,249 from $32,597, and total direct pay rose to $34,003 from $33,557.

The study breaks down the information by region and circulation category.

As in 1988 and 1989, this year's survey predictably indicates that newspapers with higher circulations pay higher salaries to their management team.

For instance, publishers running dailies with circulations exceeding 500,000 receive average base pay of $380,300, while those at papers with circulations of 10,001-15,000 earn an average of $73,005.

For top editors, the average annual base salary at papers with circulations of more than 500,000 is $208,088, compared with $37,695 at papers with circulations of 10,001-15,000.

In regional comparisons, the mid-Atlantic area continued to pay publishers the most—an average of $126,960. The Southeast was next at $125,298, just topping New England, which had ranked second in 1989. Canada, classified as one of 10 "regions," was fourth.

The 618 newspapers that participated in the new survey "are a good representative sample by circulation and by geographic distribution of the daily newspapers in the United States and Canada," the report stated.

The survey, ANPA's third annual compensation report, covers salaries for 61 categories of jobs, one less than in 1989 [**presstime**, Aug. 1989, p. 50].

Professor Hervey A. Juris of the Kellog Graduate School of Management at Northwestern University and Robert J. Greene of James and Scott Associates interpreted the research and wrote the survey report. The overall project was directed by ANPA Senior Vice President Thomas C. Fichter and ANPA Vice President/Human Resources John D. Blodger. Juris and Greene suggested caution when comparing percentage changes between the 1989 and 1990 sur-

Top advertising executive

Number of newspapers reporting: 459

Summary results

	Lowest	Median	Average	Highest
1990 base pay	$15,000	$47,000	$52,973	$200,000
1989 base pay	15,000	46,000	50,388	160,000
1988 base pay	15,000	41,800	47,685	175,000
1990 total direct compensation	18,300	52,000	60,333	265,000
1989 total direct compensation	18,314	50,000	56,691	173,423
1988 total direct compensation	18,304	44,980	54,618	323,916

By circulation

	Number of newspapers	Average number of employees supervised	1990 base pay			Total direct compensation (base plus incentive)	
			Range midpoint[1]	Median	Average	Median	Average
5,000 or less	10	4	$ nsd[2]	$ 21,918	$ 22,130	$ 23,763	$ 24,090
5,001-10,000	54	8	29,591	27,685	27,666	31,450	32,997
10,001-15,000	57	11	37,700	33,000	34,641	38,621	38,785
15,001-20,000	39	15	40,000	37,183	38,454	42,924	44,345
20,001-30,000	72	20	58,000	43,000	43,762	48,205	49,087
30,001-50,000	80	31	55,070	49,250	51,716	55,070	58,199
50,001-75,000	40	45	78,000	59,000	61,968	64,801	68,392
75,001-100,000	27	59	78,000	67,500	66,773	73,008	77,104
100,001-150,000	26	83	76,150	72,175	75,360	81,110	85,380
150,001-250,000	28	141	101,000	90,400	92,157	104,165	108,218
250,001-500,000	19	161	96,026	108,000	101,390	108,000	110,965
500,001 and over	7	166	148,000	158,500	155,624	169,375	194,859

Top circulation executive

Number of newspapers reporting: 549

Summary results

	Lowest	Median	Average	Highest
1990 base pay	$10,400	$39,811	$45,220	$165,000
1989 base pay	13,000	39,560	$45,154	$157,500
1988 base pay	9,500	36,400	42,056	225,000
1990 total direct compensation	11,440	42,600	49,967	214,000
1989 total direct compensation	13,000	41,852	49,639	232,500
1988 total direct compensation	9,500	38,500	46,435	275,000

By circulation

	Number of newspapers	Average number of employees supervised	1990 base pay			Total direct compensation (base plus incentive)	
			Range midpoint[1]	Median	Average	Median	Average
5,000 or less	16	8	$ nsd[2]	$ 17,580	$ 18,038	$ 18,025	$ 19,080
5,001-10,000	64	11	25,974	22,050	22,929	23,900	24,350
10,001-15,000	75	12	32,916	28,600	29,998	30,300	31,621
15,001-20,000	48	18	33,800	33,432	33,080	35,717	35,981
20,001-30,000	92	28	50,910	37,980	37,833	40,027	40,570
30,001-50,000	89	44	56,000	42,507	44,267	45,000	48,966
50,001-75,000	50	60	60,560	55,600	55,907	59,859	60,289
75,001-100,000	28	98	69,000	65,250	62,645	69,730	69,998
100,001-150,000	28	126	69,680	67,243	68,377	74,743	75,947
150,001-250,000	30	267	90,000	78,250	79,715	91,996	90,456
250,001-500,000	20	489	78,104	86,130	87,631	96,248	100,309
500,001 and over	9	1,173	131,500	140,000	133,705	172,000	173,125

Top operations (production)

Number of newspapers reporting: 355

Summary results

	Lowest	Median	Average	Highest
1990 base pay	$15,000	$50,000	$56,214	$250,000
1989 base pay	19,003	49,000	56,379	220,000
1988 base pay	10,000	45,427	51,293	255,000
1990 total direct compensation	18,200	55,000	63,228	286,750
1989 total direct compensation	19,220	53,925	62,289	280,000
1988 total direct compensation	10,000	49,000	57,230	353,250

By circulation

	Number of newspapers	Average number of employees supervised	1990 base pay			Total direct compensation (base plus incentive)	
			Range midpoint[1]	Median	Average	Median	Average
5,000 or less	4	8	$ nsd[2]	$ 24,950	$ 24,475	$ 25,950	$ 24,975
5,001-10,000	24	13	23,940	27,265	28,293	28,580	31,115
10,001-15,000	38	19	33,800	35,815	34,498	36,875	37,656
15,001-20,000	21	24	42,000	41,402	41,731	44,980	44,480
20,001-30,000	42	43	56,000	41,625	42,315	44,050	45,782
30,001-50,000	74	52	56,000	49,062	49,682	54,000	54,578
50,001-75,000	41	79	69,000	56,000	57,563	60,522	61,139
75,001-100,000	27	119	67,131	62,374	68,676	70,000	75,815
100,001-150,000	26	187	77,075	67,500	67,826	77,363	77,101
150,001-250,000	28	291	90,000	75,220	80,343	86,432	90,945
250,001-500,000	21	485	105,716	87,000	91,955	100,000	114,667
500,001 and over	9	1,324	153,800	148,000	153,297	189,187	195,555

veys because those comparisons are based only on responses from newspapers that provided data for a given category in both years' surveys.

However, "when we compared the two data sets by circulation and by geography, we found them to be sufficiently comparable to the overall (newspaper) population," they said.

The biggest percentage gain was for the position of top data-processing manager, with increases averaging 7.4 percent in base salary and 9.3 percent in total direct pay.

The lowest percentage gain in base salary was for circulation district sales managers, an average increase of 1.9 percent.

For total direct pay, the sales account executive/classified representative had the smallest average increase, 1.6 percent.

For publishers, the average base salary climbed 6.4 percent in 1990, while total direct pay rose 8.3 percent.

Among other percentage comparisons:

- The editor's average base pay rose 6.5 percent in 1990, and total direct pay rose 7.2 percent.
- The top human resources executive's base pay grew 5.7 percent, while total direct pay grew 6.9 percent.
- The managing editor's base pay rose 5.6 percent and total direct pay, 5.5 percent.
- The pressroom superintendent's base pay rose 3.6 percent and total direct pay, 3.8 percent.
- The advertising creative services manager's base pay rose 4.1 percent and total direct pay, 3.6 percent.
- Circulation district sales managers' base pay rose 2.8 percent and total direct pay, 3.2 percent.

Copies of the 1990 report were scheduled to be mailed in late August to all newspapers that participated in the survey. Dailies that have not participated in any of the three studies can receive a copy if they sign a letter of intent to provide information for the next survey. Contact ANPA's Blodger at (703) 648-1068.

Also available are customized summary reports that allow a newspaper to request data from 10 or more newspapers according to metro-area size, narrow geographical region, specific market or other criteria.

Such reports can be ordered at a cost of $250 per report from Inland Press Association, 777 Busse Highway, Park Ridge, Ill. 60068; (708) 696-1140. ☐

Newsroom pay hikes outpaced inflation in the 1980s

Newsroom salary increases at U.S. dailies exceeded the rate of inflation during the 1980s, according to a **presstime** analysis of figures from The Newspaper Guild and the Survey of Journalism and Mass Communications Graduates.

The salary figures from the Guild and from the graduates' survey cover 1980 through 1989, offering an overview of salaries for the decade. (See chart.)

The *average* starting minimum salary for Guild-represented reporters and photographers increased 61 percent—from $12,946 a year in 1980, based on 125 labor contracts, to $20,944 a year in 1989, based on 119 contracts.

During the same period, the Consumer Price Index increased 46 percent, according to figures from the Bureau of Labor Statistics of the U.S. Department of Labor.

According to the survey of graduates who obtained newspaper jobs fresh out of school, the *median* annual salary for entry-level reporters increased 71 percent—from $9,880 in 1980 to $16,900 in 1989.

The graduate surveys were previously sponsored by the Dow Jones Newspaper Fund and are now sponsored by the Association for Education in Journalism and Mass Communication, the Council of Affiliates of the AEJMC, the National Association of Broadcasters, the Association of Schools of Journalism and Mass Communication, and the Ohio State University School of Journalism.

During the 1980s, the *average* top-minimum salary under a Guild contract for reporters increased 58 percent, from $20,611 in 1980 to $32,661 in 1989. ☐

Reporter salary trends (1980-90)

Category	1980	1989	% change 1980-'89	Consumer Price index* % change 1980-'89	1990	% change 1989-'90
Reporter Top Minimum (Guild average)	$20,611	32,661	58.5	46.1	33,589	2.8
Reporter Entry Level (Guild average)	12,946	20,944	61.7		21,602	3.1
Reporter Entry Level (median, AEJMC survey)	9,880	16,900	71		N/A	N/A

*CPI based on figures for month of December in 1980 and 1989